

*investing
in
ourselves*

GIVING AND
FUND RAISING
IN INDONESIA



PUBLIC INTEREST RESEARCH
AND ADVOCACY CENTER

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WITH SUPPORT FROM

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The Asia Foundation

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Investing in Ourselves: Giving and Fund Raising in Indonesia

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PUBLIC INTEREST RESEARCH
AND ADVOCACY CENTER

PIRAC is an independent, nongovernmental, and nonprofit organization dedicated to advocating and defending public interest to achieve a democratic, just and prosperous society.

PIRAC has two programs: **Share (Stakeholders Awareness and Reempowerment Effort)**, a program that aims to build the organizational capacity of nonprofit organizations in Indonesia through resource mobilization and advocacy skill development. Its activities include training on fund raising and policy cycle advocacy, consultancy on resource mobilization strategies and social programming, as well as researching, documenting and publishing various aspects of resource mobilization and advocacy on social issues.

PIRAC's second program is **Care (Corporate Social Responsibility Enhancement)**, which aims to enhance the corporate sector's social responsibility in Indonesia. Corporate social responsibility (CSR) refers to a corporation's obligations to the society beyond its economic and legal obligations, and includes ethical and philanthropic responsibilities. The **Care** program is especially focused on consumer protection and corporate philanthropy. Its activities include training on consumer legal advocacy, consultancy on consumers' interests, consumer issues advocacy and management, as well as researching, documenting and publishing various aspects of consumer protection and corporate philanthropy. ▀

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Preface

Investing in Ourselves—Giving and Fund Raising in Asia had its origin in the International Conference on Supporting the Nonprofit Sector in Asia, sponsored by the Asia Pacific Philanthropy Consortium (APPC) in January 1998.¹

The central theme of the conference was the need to explore ways in which governments, international financial institutions, philanthropic foundations, corporations, and others could contribute to the continued growth and financial sustainability of nonprofit organizations in Asia during a period of economic decline. Although planned long before, the conference took place at the height of the Asian economic crisis, which began in Thailand in July 1997 and had just a few weeks earlier, in December 1997, brought the Korean economy to the point of collapse.

The economic crisis represented a setback to what had been until then more than a decade of steady growth of philanthropic foundations and other forms of organized philanthropy in Asia. In the short term, the economic crisis ensured that foreign funding would continue to be essential to the economic support of NGOs, but as I stated in my opening remarks at the conference:

From the perspective of long-term resource mobilization, Asian and other nonprofit organizations will ultimately depend for their survival on the quality of the relationships they are able to establish with public opinion in their countries and with their own governments, and only secondarily and for the short-term on their relationships with international public and private donor agencies.

In other words, the fundamental challenge to Asian NGOs was, and remains, to develop local sources of sustained funding.

The Asian Development Bank was represented at the conference by Gordon Wilkinson, who was at the time responsible for the ADB's work with NGOs. Wilkinson took the initiative to approach Jaime Faustino, who

was then APPC's Executive Officer (and, concurrently, The Asia Foundation's Assistant Representative in the Philippines), to express ADB's interest in discussing how ADB and APPC might cooperate to assist NGOs in their quest for financial sustainability.

Subsequently, APPC and Venture for Fund Raising, a newly established nonprofit consulting and research firm, developed a proposal and began the complicated process of negotiating co-financing arrangements with the Asian Development Bank. Before that deal could be consummated, however, USAID became interested in the project and provided funding for research on NGO resource mobilization strategies in the Philippines, a study that served as the pilot test for the eventual seven-country project. Subsequently, the Nippon Foundation in Japan also joined the project as a donor. We are grateful to all three donors for their support, and to The Asia Foundation for its role in facilitating the project and managing its finances.

Investing in Ourselves—Giving and Fund Raising in Asia had four principal objectives:

- to build awareness of successful methods of fundraising employed by Asian NGOs and to identify innovative best practices;
- to increase understanding of the need for transparency and accountability among Asian NGOs if they are to be successful in fundraising;
- to increase the capacity of Asian NGOs to mobilize resources; and
- to establish benchmarks against which to measure the nature and scope of philanthropic giving in selected countries.

The study also sought to document Asian fundraising experience in order to supplement or replace imported models and experience for use in local training; and to demonstrate that charitable giving and volunteering takes place even in relatively poor countries that do not share Western cultural traditions.

The study produced 112 case studies of successful local fundraising in seven countries (Bangladesh, India, Indonesia, Nepal, Pakistan, Philippines, Thailand) and household level surveys of charitable giving in four of these countries (India, Indonesia, Philippines, Thailand).

Investing in Ourselves is a pioneering study. The household survey on charitable donations in Indonesia is the first ever conducted in that country, and the surveys in India, Philippines, and Thailand complement surveys

being conducted by the Johns Hopkins Comparative Nonprofit Project. As a pioneering effort, there are few benchmarks against which to compare our survey findings and only limited experience on which to estimate the impact of potential sample bias. It will take repeated future surveys to validate or revise these results. We hope that publication of these findings, with all the methodological caveats discussed in Chapter 3, will encourage others to continue to gather empirical data that will eventually result in a more detailed and comprehensive understanding of the dynamics of charitable giving in Asia.

These caveats aside, the surveys and case studies begin to provide valuable insights into the dynamics of philanthropy in the countries studied.

The surveys confirm in a practical way what cultural anthropologists have long taught—that philanthropy takes place everywhere, in all cultures. The frequently heard arguments that there is no cultural tradition of philanthropy in Asia, or that it is a Western import, or that philanthropy only occurs in wealthy countries, are once again refuted by the results of this study. In all four countries, almost all high to middle income households, as defined in the local context, made philanthropic gifts during the preceding twelve months, a pattern similar to that found in “developed” countries.

In addition, the amounts donated to charitable causes are substantial in local terms. In Thailand, Philippines, and Indonesia, for example, the average amount given per capita was reported to be US\$546, \$400, and \$123, respectively. Restated in terms of purchasing power parity (PPP), which provides a more meaningful international comparison, these amounts convert to the equivalent of US\$1610, \$1385, and \$538, respectively. On the other hand, the Indian respondents reported significantly lower levels of giving and a lower giving *rate* (that is, fewer of the respondents reported giving).

There is a similar hierarchy of giving in all four countries. Individuals are the main recipients of philanthropy, followed by religious organizations, then voluntary organizations. Individuals were the recipients of about 40 percent of charitable giving in three countries, and about 58 percent in Thailand. Although the four countries have different religious traditions, in each of them religious organizations received almost a third of all giving except in Thailand. In that country, although 95 percent of the respondents reported that they had made “religious contributions” during the previous year, only about 16 percent of their cash donations on a per capita basis were reported to have gone to religious organizations.² (In contrast, the

annual estimates of private charitable donations compiled in *Giving USA* indicate that almost half of all charitable donations made in the United States go to or through religious organizations.) Voluntary organizations, particularly social service providers and those in education, received between 21 and 28 percent of charitable donations.

Both the surveys and the case studies suggest that there is considerable scope for increased fundraising from local sources in the seven countries studied, but that some significant obstacles need to be overcome. On the one hand, the household surveys and the case studies demonstrate that there is already a significant pool of current contributors in each country. As fundraisers everywhere know, it is often most fruitful to focus on increasing donations from those who already give. It also appears that at least some fundraising approaches common in the US and Europe, but previously presumed to be inappropriate in Asia, such as direct mail, media advertising, telephone solicitations, selling tickets to special events, workplace giving, and selling NGO products, publications, and services, have also been used successfully by NGOs across the region.

In a statement that draws together the survey findings and the case studies, the authors of the chapter on fundraising principles assert that “people don’t give money to causes; they give to *people* with causes.” While individual donors in each of the seven countries studied may differ in their motivation to give to others, they share the need for a sense of connection to the organization and its cause. Most often, that sense of connection takes a personal form—knowing the organization’s founder, trustees, or staff; believing in the personal integrity of key organizational leaders; serving as a volunteer; or being approached in a manner that takes into account the potential contributor’s interests and concerns. Advocating a good cause may not be enough to attract local funding; even more critical is building and nurturing positive personal and community relationships, based in large part on the organization’s demonstrated legitimacy, accountability, transparency, and impact.

The challenge for voluntary organizations, particularly for development-oriented NGOs, is whether and how they can increase their share of charitable giving from local sources. Given the importance of religion as a motivating force for charitable giving in all the countries studied, the obvious question is whether those who give to religious organizations also give to voluntary organizations or whether these are separate markets. Is it possible to increase local levels of giving so that both types

of organization benefit, or does giving to one come at the expense of the other?

From the perspective of an NGO fundraiser, we now know that ordinary people in relatively poor countries do make charitable contributions to causes they believe in, but voluntary organizations, even those that provide direct educational and social services, appear on average to receive less than a quarter of those contributions. Even less appears to be donated to development-oriented NGOs, except possibly in Indonesia, where the survey respondents reported that they give slightly more to development NGOs than to education providers. Is it because NGOs are still not well known to their communities? Is it therefore a matter of public education and better media coverage? Or are there also deeper issues at work—perhaps related to public expectations about the role of the State, or to issues of NGO legitimacy and accountability? The data in this study do not allow us to address these questions, but we now know that it is not simply a matter of “poor” people not having funds to give, or not having a tradition of charitable giving. If I were an NGO leader, I would be interested to ask: since local people do give money, why doesn’t more of it come to us? what can I and my organization do to raise our share of the charitable gift market? This book may help provide some of the answers, based on Asian experience.

I would like to express my thanks, on behalf of the Asia Pacific Philanthropy Consortium and The Asia Foundation, to the Asian Development Bank, the Nippon Foundation, and USAID for their financial support, and to all the researchers and participants who contributed their energy, enthusiasm, and insights to make this project a success. Above all, I would like to express thanks and appreciation to Jaime Faustino and his colleagues at Venture for Fund Raising for having the vision and the managerial capacity to conceptualize and implement so well this complex, multi-country and multi-donor effort. ►

BARNETT F. BARON

Founding Chair, Asia Pacific Philanthropy Consortium

Executive Vice President, The Asia Foundation

January 2002

Notes

- 1 Reported in Lori Vacek, *International Conference on Supporting the Non-profit Sector in Asia*, Bangkok, January 9–11, 1998 (available from The Asia Foundation)
- 2 Higher than average educational levels and employment patterns in the Thai sample may account for their unexpectedly low level of support for religious organizations, in a country otherwise known for its well-endowed temples and generally well-funded religious societies.

PART ONE

The Country Report

Public Interest Research and Advocacy Center
(PIRAC)

1 | Introduction

Nongovernmental organizations (NGOs) and other civil society groups in Indonesia that grew rapidly since the early 1970s have played an increasing role in the country—socially, economically and politically. In general NGOs, which are known in Indonesia as Lembaga Swadaya Masyarakat or LSM (literally, community self-reliant institutions) have been acknowledged as the committed promoters of a bottom-up and people-centered development strategy. The NGO movement grew rapidly as a response to the technocratic, top-down development approach taken by the government under Suharto's New Order.¹ The NGOs strove to respond to the multiple needs of the people and as they related to the problems and impacts of development.

There are thousands of NGOs throughout the country. To date however, little attention has been focused on the critical issue of how they are funded and supported, and their prospects for longer-term financial sustainability. Most of the groups are dependent on international funding, few are supported by income from individual members or domestic sources, public or otherwise. A recent survey revealed that 65 percent of Indonesian CSROs² (civil society resource organizations) revenues come from international sources and 35 percent from domestic sources. The domestic revenues are mainly derived from earned income activities and interest on endowment funds. Only a small portion comes from individual giving.

The tradition of giving is part of Indonesian culture, although this mostly translates into individual contributions to traditional religious institutions. In connection with individual giving, the government of Indonesia has been mobilizing resources through official arrangements since the 1960s. The government encourages and controls a quasi-state institution for ZIS³ (zakat, infak, sadaqah) mobilization, called Badan Amil Zakat (Zakat Collector Board) or Bazis. The total amount of funds mobilized by the Bazis has been increasing considerably, reflecting individual giving in Indonesia, which reached US\$23.6 million in 1996. In addition to the official Bazis, there are

many community-based ZIS collectors known as Lazis (Lembaga Amil Zakat or Zakat Collector Institutions).

The economic crash in July 1997 practically ruined what the New Order had achieved during its 32-year rule. The difficult times that Indonesians faced as a result of the crisis (drastically increased unemployment and poverty levels, as well as incidence of hunger and malnutrition, especially among children under five years old) encouraged both government and non-government sectors, profit and non-profit institutions, to take a proactive role in building a social safety net to ease people's hardships. Accordingly, efforts to seek alternative fund raising schemes and activities other than grants from international donors were undertaken.

NGOs have tried one or more of the following fund raising schemes: selling products, direct mail, special events, capital campaigns (carefully organized, highly structured campaigning for specific needs), among others. Public participation through individual donations also shifted from its traditional pattern. A number of NGOs, for instance, collect money from the public for student movements, anti-corruption campaigns, women's movement, and the like. However, this entire endeavor has been pursued in an ad hoc and unsystematic manner. There is a clear need for a systematic approach to maximizing the gains from any method of resource mobilization, more specifically from individual and institutional giving, to support the non-profit sector.

In line with this proposition, it is important to carry out a study that observes the potentials of and constraints to individual and other forms of giving to the non-profit sector. Two basic studies—a household survey on giving, and case studies on NGOs' various experiences in fund raising—that were conducted in the past 18 months in Indonesia provide the public with a better picture of giving patterns in the country. This report is part of the Resource Mobilisation Project of the Asia Pacific Philanthropy Consortium (APPC). The project, entitled "Investing in Ourselves: Giving and Fund Raising in Asia," is conducted under the auspices of the Asia Pacific Philanthropy Consortium. The major donors include The Asia Foundation, the Nippon Foundation, the Asian Development Bank and the United States Agency for International Development. This is a multicountry project that involves Thailand, Indonesia, the Philippines, Nepal, Pakistan, Bangladesh and India. It is hoped that the findings presented in this report would benefit the non-profit sector by giving them a more accurate information on the various ways to tap the gift market in Indonesia. It is also hoped that

they can provide information that can be used as a basis for further research and development, especially for building NGOs' stronger capacities. ►

Notes

- 1 The New Order regime started in 1966 when Suharto took political power from his predecessor, Sukarno. Before the 1997 currency crash and the subsequent political turmoil, The New Order performed remarkably well. The gross domestic product (GDP) per head increased from US\$100 in early 1970 to around US\$1000 in 1995. The average economic growth rate was 6.8% annually, up from only 2.7% in 1968. The proportion of the population living in "absolute poverty" declined from 60% in 1968 to 14% in 1996. The contribution of the industry sector to the GDP, which was only 9.2% at the end of the 1960s, went up to 24.3% in the mid-1990s. Between 1971 and 1995, as many as 44 million new jobs were created. In addition, the number of illiterates went down from 40% of the population in 1971 to less than 14% in 1995. With such a sound performance, many speculated that Indonesia would follow the path of such East Asian countries as South Korea, Taiwan, and Hong Kong, as Newly Industrializing Countries (NICs) in the near future. The widely cited World Bank Report, "The East Asian Miracle" (World Bank, 1993), celebrated Indonesia as a member of the High Performing Asian Economies (HPAEs) group.
- 2 CSRO refers to private, nongovernmental organizations that are locally owned, governed and operated. A CSRO should also be independent and non-profit in nature. See Chapter 2, Section Gift Market, of this report.
- 3 There are two types of Islamic charity. There is zakat, which is obligatory and is the right of the poor over the wealth of the rich. It amounts to 2.5 % of a year's savings. The word zakat itself means "purification," and the purpose is to purify legally earned wealth. The other is sadaqah, or voluntary charity, which depends on need and the amount of excess wealth. Infak is basically the same as sadaqah but is dedicated by the giver.

2 | Context for Resource Mobilization

Historical and Sociocultural Context

During the time of crisis, spontaneous giving flourished in Indonesia. The incidence of famine in Gunung Kidul, Yogyakarta, in the mid-1990s motivated some people to establish the Dompot Dhuafa (DD) Foundation, a fund raiser for social causes in 1994. Earthquakes in various places in the country encouraged other groups to follow the DD Foundation's effort. Moreover the economic crisis, which started in mid-1997, resulted in various fund raising endeavors run by mass media. Currently, at least 40 media entities in Indonesia run fund raising programs.

Times of crises also create momentum for a society which has enjoyed a long tradition of philanthropic giving to move from spontaneous giving to one based on understanding the need for more sustainable efforts to help others help themselves. The ability of many community-based religious fund collectors (Lazis) is now comparable to that of the government. Three Lazis in East Java, West Java and Jakarta, namely Al Falah, Darut Tauhid and DD Foundation, are now competing with the Bazis to collect funds in their respective working areas.¹

Philanthropic giving in Indonesia is especially motivated by religious causes, mainly Islamic. Indonesia is the world's largest Muslim country, and the giving tradition is formally practiced through the mobilization of ZIS (zakat, infak and sadaqah). Based on Islamic teachings and customs, a Muslim who has reached a certain level of income² must pay the zakat, a religious tax amounting to as much as 2.5 percent of his or her annual net savings. Wealth for which zakat must be paid monetarily includes gold or silver. It can take other forms: wares/merchandise, crops and livestock. Crops comprise agricultural produce that can be stored for extended periods of time. Livestock refers to camels, cattle, sheep and goats. In addition, a Muslim is encouraged to voluntarily donate through other forms of almsgiving,

the infak and sadaqah, irrespective of his or her level of income.

Similarly, other religious institutions, such as Hindu, Buddhist, Protestant and Catholic, also organize individual giving. However, their ability to mobilize is much smaller and is limited to incidental events in their own communities.³ The Hindus have a concept of social contribution known as *datrta datrtva*, the beneficiaries of which are called *danapatra*.⁴

Despite the fact that the major source of social funds in the country is ZIS, various organizations have developed techniques and methods for fund mobilization since the economic crisis started. With the ongoing economic crisis, interest in helping the poor within the corporate sector has also increased. As will be elaborated later on, modes of giving practiced in the corporate sector vary, including direct involvement, establishing corporate foundations, collaborating through a consortium, or encouraging employees to actively participate in social works.

In addition, among the Indonesian people, volunteer work or volunteerism is a long ingrained tradition in their daily lives, both within their neighborhoods and in the wider social arena. Some of this is inspired by religious tenets. For example, in Java, particularly in the rural areas, people still practice the custom of mutual assistance (*gotong royong*) in such activities as wedding ceremonies, funerals and house construction. All members of the community, youth and adults, provide volunteer assistance to their neighbors. The construction of social facilities—roads, bridges and worship buildings—are frequently carried out together, with people contributing manpower, expenses and facilities.

Among the Sundanese people in West Java, there are similar practices called *parelek*, and among the Padang people in West Sumatra, it is called *julo-julo*. Similar traditions are found in other ethnic groups in Indonesia. In Toraja of South Sulawesi, *arisan tenaga* refers to mutual assistance in cultivating the farmland of one villager or a different group. The landowner provides only food for the volunteer workers, but in return, the landowner donates money to the group's cash fund. The Dayak people through their local culture called *sa'aleant* also practice the same tradition.

Economic Development Context

Indonesia enjoyed steady and stable economic growth, with an average annual growth of around seven percent, for two decades when the economy crashed in 1997. The Indonesian income per capita had reached US\$1,100. The proportion of the population living in “absolute poverty” had declined from 60 percent in 1968 to 14 percent in 1996. The contribution of the industrial sector to the gross domestic product (GDP), which was only 9.2 percent at the end of the 1960s went up to 24.3 percent in the mid-1990s. Between 1971 and 1995 as many as 44 million new jobs were created. In addition, the number of illiterates went down from 40 percent of the population in 1971 to less than 14 percent in 1995.⁵ As a result the World Bank put Indonesia on the “Southeast Asian Miracle” list.

The economic turmoil that started in mid-1997, however, reversed the Indonesian economy. In August 1998, the inflation rate reached 78 percent, while the economic growth plummeted to around -13 percent. Many factories and firms closed down, leading to a 20 percent unemployment rate. The proportion of the population living in “absolute poverty” soared drastically from 11 percent in 1997 to 40 percent in 1998. The income per capita turned back to US\$400.

The other dimension of the Indonesian economy, despite the upside-down incidence of the last three years, has been the phenomenon of economic duality since colonial times. This economic duality is the existence of two separate economic lives: the more traditional economic activities and the other associated with the modern sector, agricultural and industrial, Java and outside Java. Economic development during the New Order period (1966-1998) had broadened the disparity between the upper class and the lower class of society. The former had enjoyed a faster growth of income than the latter. In 1990 the upper class's average disposable income was Rp. 1,882,200 per capita and rose up to Rp. 9,307,380 in 1999. The lower class (farmer owning less than 0.5 hectare of field), however, only enjoyed an average disposable income of Rp. 548,860 in 1990 that increased only up to Rp. 1,682,820 in 1999. Similarly, agricultural labor enjoyed an increase only from Rp. 415,290 to Rp. 1,604,870 for the same period.

The uneven income distribution is compounded by concentrated growth centers in urban areas. Urbanization has been taking place all the time. The gap between rural and urban areas has been widening. In the rural areas, economic disparity has been a fact between farming people who own land

and farm laborers who do not have any assets on the one hand, and those who are working in the non-agricultural sector, on the other. The widening trend of income and wealth distribution in Indonesia is reflected in Table 1.1.

table 1.1

Portion of Population Based on Income Groups 1976-1996			
Year	40% Lowest	40 % Middle	20 % Highest
(1)	(2)	(3)	(4)
1976	19.56	37.96	42.48
1978	18.13	36.53	45.34
1980	19.55	38.19	42.26
1981	20.44	37.46	42.10
1984	20.75	37.28	41.97
1987	20.87	37.48	41.65
1990	21.3	36.7	41.9
1993	20.3	36.9	42.8
1996	20.2	35.1	44.7

Source: *Indikator Kesejahteraan Rakyat*, Center for Bureau Statistical Office 1998, p. 29

The economic crisis that has been going on for more than three years has brought the Indonesian people to a difficult time. The poverty level has drastically increased from 22.5 million before the crisis to 79 million after the crisis (Bureau of Statistics). Incidence of hunger and malnutrition, especially among children under five years old, has also been increasing. According to the Social Department, child labor has increased from 1.7 million before the crisis to 2.5 million after the crisis. Both government and non-government sectors, profit and non-profit institutions, therefore must take a proactive role in building a social safety net to save people's lives.

Legal and Regulatory Framework

In analyzing non-profit sector development in Indonesia, it is necessary to consider enabling factors as far as government policy is concerned. In non-profit sector development, there are at least two kinds of policies that must be taken into account: policy on the non-profit organization system and policy on the taxation system as it is applied to the non-profit sector.

In Indonesia during the New Order regime, the non-profit sector, including its organizational arrangement and funding sources, was under very restrictive regulations. Regulations regarding this and other sectors were aimed

at asserting government control over their existence and activities, rather than helping their development. Regulations were a serious threat to NGOs that were critical of government policies.

With the fall of the New Order regime, regulations on the non-profit sector have generally been improved. Freedom of organization and expression are more secure, despite its unclear implication for NGOs and philanthropy development.⁶ One enabling factor that may be conducive to the life of this sector is the new provision for tax reduction on the social budget.

During the New Order regime, the government did not provide any incentive, such as tax deductions or exemption, for non-profit sector development.⁷ In accordance with *Laws No. 7 of 1993*, all foundations that provided social services in the fields of religion, education, health, and culture were possibly eligible for tax exemption. However, according to the newer *Laws No. 10 of 1994*, tax exemptions for foundations working in these fields are restricted to grants, donations, presents, inheritance and government subsidies.⁸ Reforms on these laws were made by the government of Abdurrahman Wahid through *Laws No. 17 of 2000* on the Third Revision of *Laws No. 7 of 1983* on income tax. Significant change has been made that certain social spending could be considered as a taxable income deduction factor. This correlates with *Laws No. 38 of 1999 on Zakat Fund Management* issued by the previous Habibie administration.

Both laws correlate to and regulate two important aspects. First, zakat is not a tax object. Second, zakat (from income) may reduce taxable income. This means that the government provides tax dispensation on income spent for social purposes. The above regulation is effective for both personal and corporate taxpayers who work on non-profit or for-profit orientations.

The New Order regime, however, did not regulate or restrict the aims and scope of work that could be served by a non-profit organization. The restriction of business activities and individual income of a person active in a non-profit organization was not clearly specified or regulated. This resulted in many abuses of non-profit organizations and foundations for private interest.

With pressure from various parties, including the International Monetary Fund (IMF), the government of Indonesia passed an Act on Foundations to minimize these abuses. The Act has many clauses that increase government control over the non-profit sector, both in terms of its financial affairs and its internal governing mechanism. From a legal perspective, it may be an appropriate measure to control the yayasans or semi-official foun-

dations, but from a social perspective, it clearly will have a more negative impact on the social movement.

The challenge for the non-profit sector now is twofold: to clarify its social mission, and to seek a different legal entity that is more accommodating. The confusion is partly caused by, as indicated earlier, what Salamon et al.⁹ call the “duality” phenomenon that was first noted in the Latin American non-profit sector. This duality is the existence of two separate non-profit sectors: the more traditional charitable organizations and other agencies linked to the elite, and those associated with various forms of grassroots organizations and NGOs.

Gift Market¹⁰

Comprehensive data on social fund sources in Indonesia are not yet available. It is clear, however, that the sources vary, ranging from individual to corporate giving. A recent survey conducted by Ibrahim¹¹ (2000), involving 25 CSROs provides an illustration of the composition of fund sources, although these groups are not fully grant-giving organizations.¹² It is important to note that CSROs mobilize resources from within and outside their countries and groups and pass them on to other civil society organizations and groups via grants and financing mechanisms.

The survey reveals that 65 percent of CSRO revenues come from international sources and 35 percent from domestic sources. Detailed information on the domestic sources is stated in Table 1.2 below. Domestic revenues are mainly derived from earned income activities (33 percent), and interest on endowment funds (17 percent). A smaller portion comes from individual giving (14 percent), government contracts (five percent) and donations from NGOs (3 percent).

table 1.2

Composition of Domestic Revenue Sources of CRSOs (N=25)	
Sources	Composition (percent)
Endowment Income	17
Other Earned Income/Fees	33
National and Local Government	5
Individual Donations	14
NGOs	3
Corporations	17
Others	11

Source: Ibrahim (2000)

The role of individual giving in financing non-profit organizations in Indonesia, as reflected in Ibrahim's survey, is relatively small, less than 15 percent. However, if other religious groups were included in the survey, the figure would be higher. As evidenced from the household survey, which will be elaborated later, the incidence of giving to religion is more than 90 percent for all individual giving in Indonesia.¹³

A case study of several religion-based organizations revealed that they were not only able to operate with 100 percent domestic funding, but were also able to raise more than 90 percent of it from the public. The annual figure of funds collected by some of these organizations may reach between Rp. 200 to Rp. 1,000 million (US\$20-100 thousand). Notably, despite the fact that the portion of individual giving is still relatively small for philanthropy in general, its contribution for charitable purposes is very high. This figure is comparable with that of such developed countries as the United States, which reaches 79.6 percent,¹⁴ and Canada, which reaches 88 percent.¹⁵ In other words, it seems that in Indonesia the problem lies more in fund mobilization and the narrow interpretation of its possible uses beyond the purely religion-based.¹⁶

In connection with individual giving, the government of Indonesia has been mobilizing resources through official arrangements since the 1960s. The government encourages and controls the quasi-state institution of Bazis for ZIS mobilization. The Bazis has a hierarchical structure from the national level at the top to the village level at the bottom. In 1996, the number of Bazis throughout the country was 277 institutions at the district level, 3,160 at the sub-district level, and 38,117 at the village level. The total amount of funds mobilized by Bazis has been increasing considerably, as shown in Table 1.3. The figures reflect a major part of individual giving in Indonesia, reaching US\$25.6 million in 1996.¹⁷

table 1.3

Collected ZIS in Indonesia	
Year	Donation (Rp.)
1991	2,273,487,378
1992	10,896,196,828
1993	46,181,411,117
1994	52,345,500,969
1995	60,314,655,826
1996	235,968,314,342

Source: Bakis DKI

In fact enthusiasm for fund raising among Indonesians is quite high irrespective of their religion, and religious causes are still dominant. Mobilization seems to be key to public fund raising for social causes. Several organizations that have carried out systematic mobilization campaigns succeeded in getting thousands of people to become regular donors. People's enthusiasm is indicated by their active contributions to fund raising activities held by the mass media. Examples of successful efforts include those done by the *Kompas*, *Republika*, and *Suara Pembaruan* newspapers.

Table 1.4 shows funds that were collected through these newspapers about 40 days after a program to aid the victims of the Bengkulu earthquake was announced (June 2000). The funds raised ranged from Rp. 311 million to Rp. 675 million, the average ranging from Rp. 6.7 million to Rp. 16.5 million per day. The per donor average was Rp. 465,000 to Rp. 704,000. Considering that the minimum regional wage in Jakarta is Rp. 426,500 per month, these amounts showed the level of intensity of public philanthropy in Indonesia. A closer look at the donor list reveals that donors came not only from among the rich, but also from among the low-income populations, with the donation rate starting at Rp. 10,000 or less to millions of rupiah.

table 1.4

Funds Raised on <i>Dompot Bengkulu</i> Among Three Media			
Media	Kompas	Republika	Suara Pembaru
Period (day)	41	38	46
Total Revenue	Rp.674,780,312	Rp. 576,183,902	Rp. 311,723,29
Donors	959	1140	669
Average /Day	Rp. 16,458,000	Rp. 15,163,000	Rp. 6,777,00
Average /Donor	Rp. 704,000	Rp. 505,000	Rp. 465,00

Source: Processed from the media report (25 July 2000)

The data above indicate the significant role of mass media in social fund raising. Its success lies in its high transparency. This is even more so with television, which is distinctive in its interactive characteristics. Although many donors prefer to remain anonymous, the transparent manner of the fund raising gives them a sense of security and accountability. It would be encouraging if mass media-based fund raising programs were performed not only for natural disasters, but also as part of the media's responsibility to other social problems.

Another facet of the growing gift market in Indonesia comes from the private sector. The role and interest of the private sector in philanthropy in Indonesia, however, are not yet well-developed for several reasons. One is the relationship between the private sector and the NGOs, which has been tense if not adversarial. Another is that the business and NGO sectors view each other with suspicion.¹⁸ The regulatory environment has not been conducive, especially during the Suharto era. There is little incentive, such as tax write-offs, for corporations to be engaged in socially oriented activities. The existence of the *yayasan*, many of which were headed by the President himself, drained some of the resources that the private sector might have otherwise contributed to social giving.¹⁹

With the recent reform movement, the opportunity for business involvement in philanthropy is increasing. Interest has been expressed regarding various forms of social engagement, although systematic information on these activities is not yet available. Fourteen corporations spent more than Rp. 6 billion for charity and development grants in the first two months of 2001 alone. These 14 corporations consist of nine multinational corporations or MNCs (64 percent) and five national corporations (36 percent). In terms of fund allocation, MNCs contributed about 70 percent, while national corporations contributed about 30 percent.²⁰

The private sector has developed four types of corporate participation in philanthropic giving in Indonesia. First, direct corporate involvement in social activities through its corporate secretary or public affairs division. Donations are delivered directly to community beneficiaries or non-profit organizations.

Second, corporate involvement through the establishment of its own foundation. Some corporations allocate money as a seed grant or endowment to the foundation established. Others allocate annual grants to support activities. In the past, due to reasons mentioned earlier, corporate foundations have not been a popular option.

Third, involvement by consortium where companies get involved in philanthropy by establishing or participating in a social organization. It is different from the second model in that the company chooses to support intermediary groups rather than operate social programs independently.

Fourth, involvement of employee organizations where—in addition to consortium involvement—corporations in Indonesia involve their employees in various social and humanitarian activities. Two corporations that have

adopted this approach are General Electric and Citibank. The employees of General Electric Indonesia established the GE Elfun Indonesian chapter in 1998, which now has 150 members from 300 volunteers.²¹ The “parent” volunteer group is GE Elfun, a global organization of volunteers who are either employees or retirees of GE, with 45,000 volunteers around the world. Elfun was first established in the USA in 1928. This organization has contributed more than 10,000 volunteer working hours and donated US\$36,100 (as of March 2001). GE Elfun Indonesia has carried out 36 projects in health education, empowerment, education, environment and humanitarian projects. All members of GE Elfun are unpaid volunteers. Their active participation does not correlate with their career development in GE.²² In the meantime, Citibank encourages its employees to become volunteers for various humanitarian activities through the Citibank Peka Community Center, which was established in 1999. Currently, it registers 800 employees as volunteers. They serve two hours bimonthly for any NGO in Indonesia.²³

In addition to the two MNCs, some local firms have formed similar employee organizations with typical programs. The programs are carried out spontaneously in the mosques existing within the firms. The most popular one is ZIS.

Basic Features of the Surveyed Cities

Table 1.5 provides the urban-rural population ratio in Indonesia from 1990 to 2025. It shows a clear trend towards an increase in the urban population. With the assumption that the giving capability is much higher in urban areas, the respondents of the survey were purposely limited to the urban area.

table 1.5

Urban/Rural Population Trend in Indonesia 1990-2025			
Year	Urban	Rural	% Urban
1990	55,432,788	123,810,587	30.93
1995	71,656,845	123,143,261	34
2000	87,577,148	121,958,342	41.80
2005	102,534,128	120,307,324	46.01
2010	116,480,985	118,590,394	49.55
2015	129,245,269	116,453,624	52.6
2020	140,309,949	113,904,960	55.19
2025	150,052,009	111,389,001	57.39

Source: Ananta and Anwar, 1994
Source: *Jurnal Ekonomi dan Pembangunan*- PEP- LIPI, Vol. V (2), 1997.

Table 1.6 provides the regional minimum wage information of 11 cities. Jakarta has the highest wage level. Bandung, Balikpapan and Medan have almost the same level below that of Jakarta. Denpasar's is somewhat lower than these three cities but still reasonably higher compared to those in Surabaya, Pontianak, Padang and Manado. Semarang and Makasar have the two lowest levels in the survey. To represent the diversity of the Indonesian population, the unique characteristics of each city or province were considered as a selection basis.

Regional Minimum Wage in the Surveyed Cities			
No.	Province	City	Regional Minimum Wage 1998 (Rp)/month
1	DKI Jakarta	Jakarta	198,500
2	West Java	Bandung	176,750
3	East Kalimantan	Balikpapan	176,000
4	North Sumatra	Medan	174,000
5	Bali	Denpasar	162,500
6	East Java	Surabaya	143,000
7	West Kalimantan	Pontianak	145,500
8	West Sumatra	Padang	137,300
9	North Sulawesi	Manado	135,500
10	Central Java	Semarang	130,000
11	South Sulawesi	Makasar	129,500

table 1.6

Jakarta, Surabaya, Bandung, and Semarang represent cities with similar characteristics. All these cities are in Java. Their economy is heavily dependent on industrial activities, trade and services. Balikpapan is one of two cities representing Kalimantan in this survey. The population of Balikpapan is 442,040 people (1999) with a growth rate of 1.46 percent. This city was chosen for its natural resource richness, which is second in the country after Aceh province that has natural gas as its main product.

Padang, the capital city of West Sumatra, is predominantly Muslim. Ethnically, West Sumatrans are unique as they have a matrilineal system and are known as highly cooperative and closely knit among themselves. In this survey Padang, together with Medan, represent Sumatra, which is the second largest island in the country after Kalimantan. Medan is the largest city outside Java with a total population of 1,901,652 people. Demographically, Medan is very diverse, consisting of various ethnic groups and religions without any one dominating. The major ethnic groups are Malay and Batak, but Chinese and Javanese are also large. Islam and Christianity are the two ma-

major religions, but Catholicism, Buddhism, and Hinduism also have substantial followers.

Pontianak, the capital city of West Kalimantan, has its own uniqueness among the 11 surveyed cities. Its main feature is its high percentage of ethnic Chinese, i.e. 40 percent of its total population of 479,800 people (in 1998). In terms of religion there is a balanced proportion between Muslims and non-Muslims.

Denpasar is another unique city, both culturally and economically. Its economy is predominated by trade, and the hotel and restaurant business, which contribute 34 percent of Bali's gross regional domestic product. The other sectors' contribution overall is below 16 percent. Bali is the only region in Indonesia that is predominantly Hindu, 83 percent out of the total population of 433,014 people.

Makasar, formerly known as Ujung Pandang, is the second largest city outside Java with an estimated 1,086,000 people. Located in South Sulawesi, it is the center of the East Indonesian economy, whose main feature are services. In this survey Makasar, together with Manado, the capital city of North Sulawesi, represent Sulawesi. Culturally, Makasar's population is comprised mainly of two local ethnic groups, the Bugis and the Makasar, who are mostly devoted Muslims. A small minority is comprised of Christians and Catholics. Manado, on the other hand, is largely populated by Christians who are culturally known as an open and dynamic ethnic group.

Notes

- 1 See the detail in Chapter Four on the findings of the case study.
- 2 The minimum requirement for someone to pay the zakat is equivalent to 85 grams of gold if he or she holds savings for a year.
- 3 This information is based on several discussions with knowledgeable people on the subject.
- 4 *Panji* No.37, 29 December 1999 p.8.
- 5 Suharto (1996). 'Annual Speech'. Addressed before the House of Representatives, 16 August 1996.
- 6 See Saidi, et.al. (2000). "Kebebasan Berkesenian Pasca Reformasi," *Jurnal Demokrasi dan Ham*. Vol. 1, No. 2. September-November 2000.
- 7 Arinanto, Satya (1999). "Organisasi Nirlaba dan Hukum di Indonesia," in *Filantropi dan Hukum di Asia*, Thomas Silk (editor). APPC, 1999.

- 8 Ibid.
- 9 Salamon, Lester M. et al. (1999). *Global Civil Society: Dimensions of the Nonprofit Sector*. The Johns Hopkins Center for Civil Society Studies, Baltimore, MD.
- 10 This section and the subsequent one were presented as part of the *Indonesian Background Paper* for APPC Conference on Strengthening Philanthropy in the Asia Pacific, Bali, 16-18 July 2001 with little difference.
- 11 Ibrahim, Rustam (2000). *Direktori Organisasi Sumber Daya Masyarakat Sipil: Indonesia*. The Synergos Institute. Series on Foundation Building in South-east Asia.
- 12 "CSRO" in the survey refers to private, nongovernmental organizations that are locally owned, governed and operated. A CSRO should also be independent and non-profit in nature. Ibid. h. 3.
- 13 See the details in previous section on household survey.
- 14 Baron, Barnett F. (1997). *Funding Civil Society in Asia: Philanthropy and Public-Private Partnership*. The Asia Foundation. Working Paper #3. July 1997.
- 15 Rickerd, D. (1996) Canada: "Nongovernmental Underpinnings of the Emerging Asia Pacific Community," by Tadashi Yamamoto (1996). *Emerging Civil Society in the Asia Pacific Community*, JCIE.
- 16 A similar problem can in fact be found in developed countries. In terms of the sources of income for American NGOs, individuals are not their major source of income and have not been for many years. In the 1950s, American charitable organizations (i.e., NGOs broadly defined) raised about 70% of their income from private donations. By 1996, Salamon found that only about 13% (12.9) of total funding for NGOs came from individual donations and corporate and foundation grants. About 30% (30.5) came from government grants and contracts, and about 57% (56.6) derived from client dues, fees, investment income and related sources. (Lester M. Salamon, Helmut K. Anheier and Associates, *The Emerging Sector Revisited: A Summary* (Baltimore: Johns Hopkins University Institute for Policy Studies, 1998, p. 11 and Appendix 3.). Salamon's estimate of the relative size of private contributions is somewhat lower and that of government funding somewhat higher than reported in *America's Non-profit Sector: Facts and Figures* (Washington: Independent Sector, Spring 1998), which gives estimates of 18.9% for private contributions and 31.7% for government payments. By sector, government funding as a share of total revenues accounted for 36% in health services, 17% in education, 42% in social and legal services, and 11% in the arts. (Virginia Hodgkinson et al., *The Impact of Federal Budget Proposals Upon the Activities of Charitable Organizations and the People They Serve*. Washington: Independent Sector, 1995). The same broad

pattern holds for the European countries included in the Johns Hopkins study. Whichever figure one chooses, private charitable contributions from individuals, foundations, and corporations are much lower as a percentage of total NGO income in the US than most people realize.

- 17 Calculated based on exchange rate of Rp. 9,200/US\$1 in August 2001.
- 18 The issue of the NGO-business sector relationship is discussed in Hadiz, Vedi R. *Civil Society Resource Organizations and Development in Asia: The Case of Indonesia*. Synergos Institute.
- 19 Ibid.
- 20 For more detailed information on this matter see *Indonesian Background Paper* for APPC Conference on Strengthening Philanthropy in the Asia Pacific, Bali, 16-18 July, 2001; and section on Corporate Giving below.
- 21 "GE Elfun hijaukan Taman Medan Merdeka Monas." *Bisnis Indonesia*, 1 Feb 2001. p. 14.
- 22 Josie Setyono, an Elfun Indonesia manager, provided the information.
- 23 *Citibank Peka (Peduli dan Berkaya)*. Fact Sheet.

3 | Key Findings from the Survey

Introduction to the Survey

This survey is the first quantitative research of its kind to probe Indonesian attitudes towards philanthropic giving. Field interviews were conducted from September 17 to November 2, 2000. The respondents numbered 2,500, and were from 11 cities, representing 11 provinces, from five main islands in the country. Six of these cities have a population greater than one million persons. The other four cities are provincial capitals or cities with less than one million population, but had particular features of importance in patterns of giving.

People make gifts of money and goods to individuals such as family members, friends and beggars, and to organizations. These organizations include religious organizations such as mosques and temples, and other voluntary organizations, such as social service and environment organizations.

Survey Methodology and Sampling Design

The respondents were randomly selected by a multi-stage random sampling method. In each city, as many as 10 urban administrative units (kelurahan) were randomly selected. For Jakarta, the selection was expanded to 15 as the size of its population is much higher compared to the rest of the cities. In each kelurahan, as many as four neighborhood administrative units (rukun tetangga) were randomly selected in which five to six family respondents were then randomly selected. In each family, one eligible respondent was identified and then randomly chosen for interviews by using the Kish Grid method. If the eligible respondent was not available at home during the interview (within a week), the next respondent would be randomly selected from the family list of the same neighborhood unit.

Characteristics of Respondents

Out of the 2,500 planned respondents only 2,496 were interviewed. The distribution of the respondents in the 11 cities is shown in Table 1.7 below.

Most of the respondents were married (89 percent), and only a small portion were not married (7 percent) or were ever married (4 percent). They were mostly Muslim (81 percent), followed by Protestant (9 percent), Catholic (4 percent), Buddhist (4 percent) and Hindu (2 percent). A very small percentage of the respondents did not belong to any of the main religions but were devoted to traditional beliefs (0.2 percent) and Confucianism (0.3 percent). In terms of age, the majority were between 36-45 years of age (32 percent), followed by 46-55 years of age (27 percent), 26-35 years of age (19 percent), 17-25 years of age (5 percent), and older than 65 years of age (5 percent).

The majority of the respondents had high school level education (39 percent), followed by those with secondary school level (16 percent), and those with primary level (16 percent). Fourteen percent had tertiary level of education (university degree), and a small part reached post-graduate level (2 percent). Only a few (1.5 percent) did not have any schooling.

Based on their occupation, the majority were self-employed (25 percent), private sector employees (23 percent), and civil servants (22 percent). A much smaller portion were traders (8 percent), laborers (5 percent), state-

table 1.7

Distribution of Respondents by City			
Island	City	Sample	Interviewed
Java	1. Jakarta	400	400
	2. Bandung	210	210
	3. Semarang	210	210
	4. Surabaya	210	210
Sumatra	5. Padang	210	210
	6. Medan	210	210
Sulawesi	7. Manado	210	209
	8. Makasar	210	210
Kalimantan	9. Pontianak	210	210
	10. Balikpapan	210	209
Bali	11. Denpasar	210	208
		2500	2496

owned company employees (4 percent), police/military officers (4 percent), transportation services employees (3 percent), and others (4 percent).

In terms of expenditure most of the respondents spent Rp. 700,000 to Rp. 1 million per month (23 percent). Those who spent Rp. 350,000 to Rp. 500,000 per month came next (22 percent), followed by those who spent Rp. 500,000 to Rp. 700,000 (15 percent), Rp. 250,000 to Rp. 350,000 (11 percent), and Rp. 1 million to Rp. 1.5 million (10.5 percent). The rest are almost equally distributed among those who spent less than Rp. 250,000 (8 percent), and those who spend Rp. 1.5 million to Rp. 3 million (7 percent), and more than Rp. 3 million (1 percent).

Based on their income, around one-fourth (24 percent) of the respondents had family monthly incomes of Rp. 700,000 to Rp. 1 million. Of almost equal proportion were those who had family incomes of Rp. 350,000 to Rp. 500,000 (15 percent), Rp. 1.5 million to Rp. 3 million (14 percent), and Rp. 500,000 to Rp. 700,000 (14 percent). The rest were divided into four sub-groups: those with family monthly income of less than Rp. 250 thousand (5 percent), those with Rp. 250 to Rp. 350,000 (5 percent), those with more than Rp. 3 million (5 percent), and those who did not mention their family income (4.5 percent).

More than half of the respondents perceived themselves as middle class (56 percent), while 38 percent perceived themselves as lower class. Those who perceived themselves as upper class were relatively small (2 percent), and the rest had no idea about their status (4 percent).

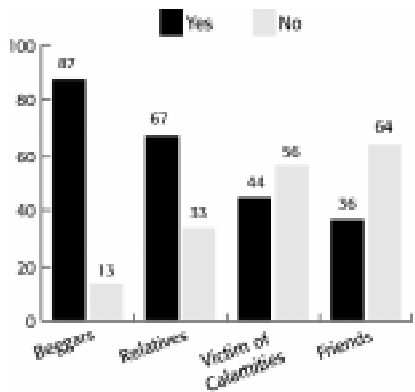
Donations to Individuals

Giving is practiced by Indonesians in their daily lives. Culturally, it is regarded as a good deed by most ethnic and tribal groups in the country. The survey revealed that 96 percent of the respondents in 11 cities gave to individuals, and only 4 percent did not. Donations to individuals were classified into four categories: 1) to relatives of the donor (respondent); 2) to friends; 3) to beggars or street singers; and 4) to victims of calamities or crime such as robbery, rape, and so on.

Among the four categories, beggars constituted the largest recipient group (87 percent), followed by respondents' relatives (67 percent) and victims of calamities or crime (44 percent) and friends (36 percent), as illustrated in Graph 1.1.

graph 1.1

Recipients of Individual Donation



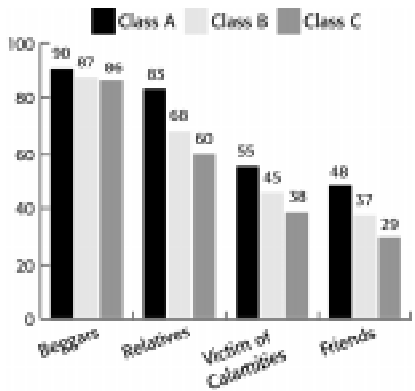
The above data indicate that social class contributed to one's decision to give donations. Data presented in Graph 1.2 show that class A generally contributed more than class B and class C. Nevertheless, the difference in number of members between intersocial levels varied as well.

Almost all of class A (90 percent) had given to beggars, while the respondents of class B and class C had not been far behind—87 percent and 86 percent respectively. This means that donation giving to beggars did not recognize class restriction.

The pattern of donating to individuals slightly differed according to social classes in individual donations to relatives. Most of class A (83 percent) said that they had given to relatives, higher than those in class B (68 percent) and class C (60 percent). This reflects the strong ties of kinship (kekerabatan)

graph 1.2

Donation for Individual by Social Class



in Indonesia. The rich families (class A) normally “have to” help those who are financially less comfortable. It is considered shameful for a rich family member not to help relations who are less financially fortunate.

Graph 1.2 indicates that class A still led when it came to the other types of donations to individuals. Fifty-five percent of class A gave to victims of calamities or crimes, and 48 percent gave to friends. Class B and class C respectively gave donations to victims of calamities and friends in lower percentages. Donations were mostly in cash and seldom in the form of goods, or both goods and cash. Most donors (93 percent) gave cash to beggars, and very few in kind (2 percent); other in-kind donations were given to relatives (5 percent) and victims of calamities (6 percent).

More in-depth attention to the case of donations to beggars reveals a few things. First, giving to beggars is not restricted by class, since classes A to C donated to this recipient in both cash and goods. Second, there was an indication that giving to beggars—usually on the streets or in houses—is out of habit or with a “just give it” attitude due to an uncomfortable feeling of having a beggar around. This factor indicates why a small portion of average donation was given to beggars compared to other types of recipients.

Third, there was a strong indication that individual giving is related to religious teaching. Religious teaching encourages the feeling of obligation or doing good to those who are less fortunate like beggars (*dhuafa* and *fakir miskin*). Islam, as the majority religion in Indonesia, encourages its followers to give donation to the unfortunate by at least paying *zakat* once a year on *Idul Fitri*. Beggars become the main target as they personify those who suffer much poverty. They can be found anywhere, on the streets, in public transportation, in places of worship like mosques and churches.

The three considerations mentioned cannot but help increase the amount of donations to beggars. The average amount of donation for beggars in a year was only Rp. 54,331, equal to US\$5 (computed at the rate of Rp.10,000 to a dollar). Considering this circumstance, it is not surprising that the attitude of giving donations was not related to the social levels. Within a one-year period, class A gave Rp. 96,024 (US\$9) while classes B and C gave Rp. 48,081 (US\$5) and Rp. 39,646 (US\$4), respectively. It is different in the case of giving to relatives and colleagues. The factor of emotional ties obviously affected the attitude of giving. On average, within a year, every class of society gave Rp. 390,588 (US\$39) to their relatives, and Rp. 202,232 (US\$20)

to their colleagues. Class A appeared as the largest contributor with donations reaching Rp. 705,427 (US\$70), while classes B and C contributed Rp. 392,040 (US\$39) and Rp. 174,485 (US\$17) respectively. (See Table 1.8 for details)

table 1.8

Average Amount of Individual Cash Giving				
Category	Average of amount	SEC A	SEC B	SEC C
Beggars	Rp 54,331 (US\$ 5)	Rp 96,024 (US\$ 10)	Rp 48,081 (US\$ 5)	Rp 39,646 (US\$ 4)
Relatives	Rp 390,588 (US\$ 39)	Rp 705,427 (US\$ 70)	Rp 392,040 (US\$ 39)	Rp 174,485 (US\$ 17)
Victims of Calamities	Rp 112,462 (US\$ 11)	Rp 180,637 (US\$ 18)	Rp 115,358 (US\$ 11)	Rp 60,824 (US\$ 6)
Colleagues	Rp 202,232 (US\$ 20)	Rp 392,072 (US\$ 39)	Rp 178,715 (US\$ 18)	Rp 83,828 (US\$ 8)

Note: 1 US\$ = Rp 10,000

Table 1.8 strongly indicates a deep emotional connection between donors and their relatives and colleagues that affected the attitude of giving. In all classes, the amount of donation given to relatives and colleagues was bigger than it was in other categories. Class A donated the biggest amount (US\$54.7) to relatives and (US\$17) to colleagues. In spite of the fact that class C are the lowest income earners, they were able to give to family and friends (US\$17 on average).

Table 1.9 indicates the general picture of giving in terms of money given. The average amount of money given per capita by the surveyed population combines the giving rate and the amount given: a few people giving large sums may produce the same average per capita as a lot of people each giving a little. The per capita relates to the population under study, that is socioeconomic classes A, B and C in urban areas, not the total population of the country.

Table 1.10 shows the capability of giving of each socioeconomic class that influenced the amount of donation. Donations to individuals from

table 1.9

Percentage Giving Money and Average Amount Given to Individuals (US dollars per annum)	
Measure of giving	
Percentage giving	96
Average amount given by givers (US dollars)	\$38
Average amount given per capita of population surveyed (US dollars)	\$37

table 1.10

Average amount given by givers to individuals by socioeconomic status (US dollars per annum)	
Socio-economic status	
SES A	\$81
SES B	\$36
SES C	\$17

class A amounted to more than five times more than those from class C, and more than double compared to class B.

Ethnicity and kinship are factors that also played an important role in shaping the attitude towards individual donation giving. Table 1.11 shows several cities where particular dominant ethnic groups with different attitudes of individual giving live. The peoples in Makasar and Manado both exhibited a high percentage in individual giving, 88 percent. (See Table 1.11 for details.)

Makasar is the capital city of South Sulawesi, and Manado is the capital city of North Sulawesi. The respondents from the two cities, that are located on the same island, have a high concern for their kin. It can be said that cultural and kinship systems are eventually the factors that most likely enhance the culture of giving. Makasar is inhabited by Muslim ethnic groups like the Bugis and Buton, while the Minahasa ethnic group, which is predominantly Christian, live in Manado.

The same condition was found in Padang (73 percent) and Medan (74 percent), two cities located on the island of Sumatra where observations were carried out. Padang, the capital city of West Sumatra, is a place where predominant Muslims of Minangkabau ethnicity boast the matrilineal concept. The people of Padang have a tradition of traveling outside the island to seek their fortunes to help their poor relatives. Medan, which is the capital city of North Sumatra, on the contrary, is the hometown of Christians of Batak ethnic origin who boast paternal hierarchy. The Bataks are very well known for their diversified marga or clan system that teaches the value of helping one another.

The attitude towards giving in the four cities outside Java is different from the attitude found in Java. The percentage of giving to relatives and colleagues was slightly lower in the cities of Java, except in Bandung (76 percent) of West Java. Java has been transformed into a bustling, metropolitan and crowded megacity where people from different cultures flock to try

table 1.11

City	Individual Giving by City			
	Individual Giving Category			
	Relatives	Colleagues	Beggars	Victim of calamities
DKI Jakarta	63	34	88	50
Surabaya	68	14	90	17
Bandung	76	45	98	57
Semarang	58	41	90	46
Padang	73	33	88	34
Medan	74	42	87	38
Denpasar	69	42	83	31
Makasar	88	69	76	42
Manado	88	46	44	76
Pontianak	71	43	88	56
Balikpapan	60	17	63	28

their fortunes. Nevertheless, the Javanese themselves also have a tremendous kinship system just like in the other regions of Indonesia. With reference to Table 1.11, the kinship system has been the most influential factor in shaping the attitude towards giving, particularly towards relatives.

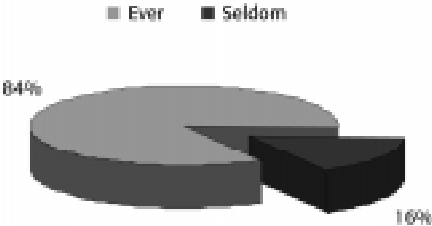
Donations to Religion-based Organizations

For most Indonesians, religious teaching and tradition, being deeply rooted in their divine cultures, play fundamental roles in their daily lives. Aware of the importance of the religious way of life for Indonesian people, the government has decided certain dates and moments of religious commemoration and rituals or ceremonies as national holidays.

The importance of the religious life for Indonesian people is reflected in their manner of giving donations to religion-based organizations and activities. Most people (84 percent) in the 11 cities observed admit that they

graph 1.3

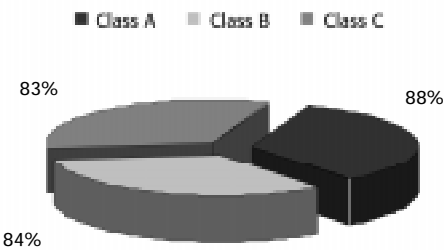
Donation Giving to Religion-based Organizations and Activities



had ever given donations to relevant religion-based organizations and only a few of them (16 percent) had seldom given donations during the last couple of years (Graph 1.3).

Similar to the attitude towards donating to families and colleagues, the attitude towards religiously motivated giving is also affected by emotional ties. This can be inferred from the popular social levels' factor on donation giving for religious organizations and activities. Most of the people from class A (88 percent), class B (84 percent) and class C (83 percent) said that they had contributed money to religion-based organizations and activities (Graph 1.4). Only a minority in the respective classes had not given to those organizations.

Donation Giving to Religious Organizations by Social Class



graph 1.4

On average, the amount contributed to religion-based organizations and activities was quite significant, reaching Rp. 304,679, which is equal to US\$30 (at Rp. 10,000 to a dollar) a year. The average amount given per capita was US\$26 as shown in Table 1.12. It proves that giving donation to family and colleagues is as important as giving to religion-based organizations and activities. The average amount donated to family and colleagues reached US\$39.

The difference in intersocial level contributions reveals itself in the portion of the donations. Class A contributed the most with the average amount

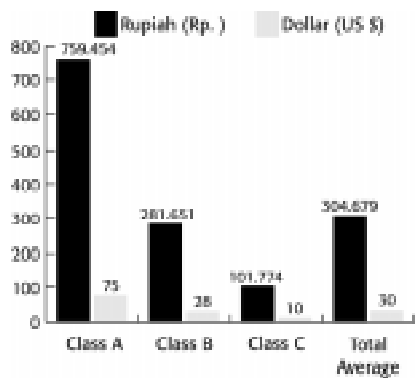
Giving Money to Religious Organizations	
Measure of giving	
Percentage giving	84
Average amount given by givers (US dollars)	\$30
Average amount given per capita (US dollars)	\$26

table 1.12

of Rp. 759,454 (US\$ 76). Class B contributed one-third less than class A, at Rp. 281,651 (US\$28). Class C's donation was the smallest with an average contribution of Rp. 101,774 (US\$ 10) per year (Graph 1.5).

graph 1.5

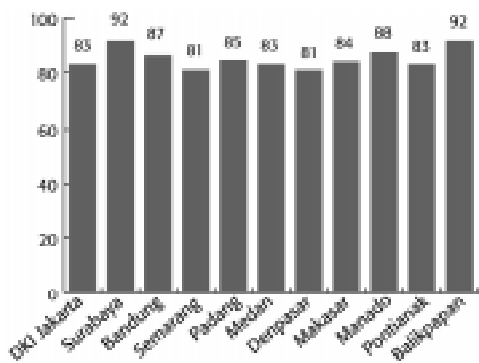
Average Donation for Religion-based Organizations/Activities



Great appreciation towards religion-based organizations and activities was evident in all the surveyed cities. With reference to Graph 1.6, almost all the people surveyed in the 11 cities were willing to donate to religious organizations and activities.

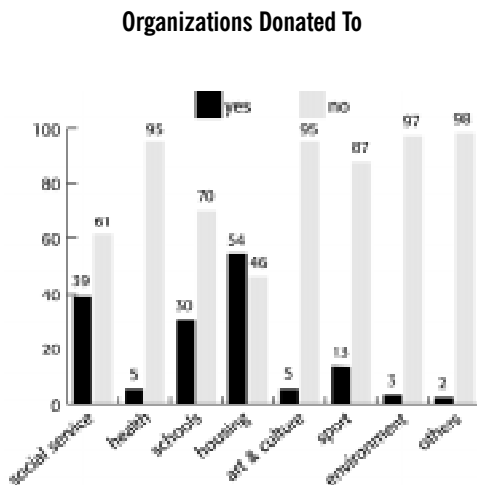
graph 1.6

Donation Giving to Religious Organizations by City/Religion



Donations to Other Organizations

Despite the fact that the incidence of giving was generally very high, the respondents' attention to other social organizations besides the religion-based ones is relatively low. The Indonesian Red Cross may be one of the organizations to which Indonesians rarely donate to. Arguably, however, the reason for the low interest may not be for its causes, but rather for its fund raising method that was perceived as coercive by many donors, such as extra charges included in cinema, train or airline tickets.

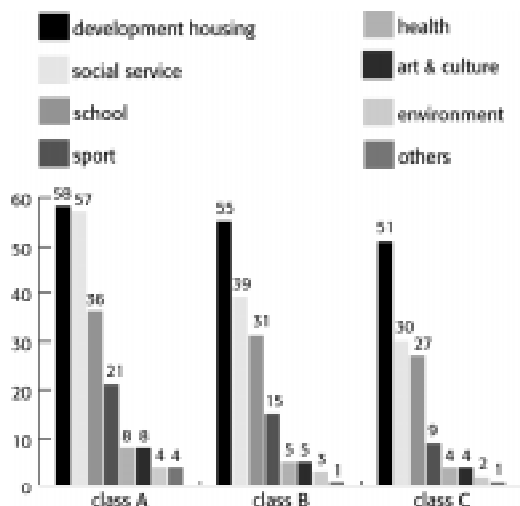


graph 1.7

A fact also revealed in the survey is that 77 percent of the respondents had donated to organizations, and only 33 percent had not. Nevertheless, out of eight types of organizations asked about in the survey, only three were frequently mentioned as donation recipients. These organizations were those whose causes were close to the donor's self-interest or were on human welfare such as social service organizations, organizations that ran housing and development projects, and organizations in schools. Organizations with other causes such as arts and culture, environment, health, business and sports associations, were given very little attention (Graph 1.7).

The individual giving pattern for organizations seemed to differ among the social classes. The higher the social and economic class of the respondents, the higher the tendency towards donating to organizations. Class A had the highest tendency for giving to organizations, even if the causes were

Giving to Organizations by Social Class



not something very close to their personal interests. This meant that the higher the class, the bigger the prospect for giving to organizations (Graph 1.8).

Arguably the tendency to give to organizations among the higher class of the society relates to access to and understanding of the role and existence of social organizations. The general understanding and access to such organizations among the Indonesian general public, especially the lower class, is very low.¹

In terms of amount, the average figure donated to organizations, compared with that given to individuals and religious groups, was lower. The average annual giving to organizations was Rp. 238,887 or US\$24 (Rp. 10,000/US\$1). The average of annual giving to individuals was US\$39, while for religious organizations, it was US\$30. The average amount given per capita was US\$23 (Table 1.13). Table 1.14 shows the variation among social classes in terms of average amount of money given to other organizations.

A closer look at the data reveals that the highest average annual giving to organizations was to business associations which reached US\$63, followed by that given to environment organizations, which reached US\$34.7. However, the incidence of such giving was rare (two percent). Clearly that shows that only few of Class A were familiar with such organizations. Organizations with causes related to education are on the next row with an average annual giving

table 1.13

Percentage giving money and average amount given to all other voluntary organizations	
Measure of giving	Indonesia
Percentage giving	77
Average amount given by givers (US dollars)	\$30
Average amount given per capita* (US dollars)	\$23

table 1.14

Average amount of money given by givers to all other organizations by socioeconomic status (US dollars per annum)	
Socio-economic status	
SES A	\$ 69
SES B	\$ 27
SES C	\$ 8

table 1.15

Average amount given by givers to organizations by field by country (US dollars per annum)	
Field	
Culture & arts	\$7
Sports & recreation	\$5
Education	\$22
Health	\$8
Social services	\$13
Environment	\$34
Development	\$14
Others	\$63

reaching US\$22 (31 percent). Organizations with causes related to social services and the running of development and housing projects, are in the third row of the list. The average annual giving to these organizations reaches US\$13 and US\$14 respectively. The least given organizations are those with causes related to sports with an average annual figure of US\$5. Meanwhile those with causes related to health and art and culture show a little higher figures, reaching US\$8 and US\$7 respectively (Table 1.15). Based on social economic class, as shown in Graph 1.8 and indicated earlier, Class A society has certain tendency to pay more attention to organizations with causes related to environment, art and culture, health, and business associations.

With regard to geographical area, there was a variation in each city. Respondents in Manado, Bandung and Padang donated the most to social service organizations, while those in Balikpapan donated the least to such organizations. For giving incidence to schools, the relatively high figures were found in Manado, Pontianak and Balikpapan, with Makasar having the lowest figures. Common giving incidence for organizations with causes in sports was found in Denpasar and Manado, while for organizations with causes related to housing and development projects, the relatively high incidence was found in Manado, Semarang, and Bandung. Interestingly, there was one place, Padang, where the respondents were giving relatively more to art and culture, while none of the respondents in any city were found to have significantly given to organizations with environmental and other causes (e.g. business association).

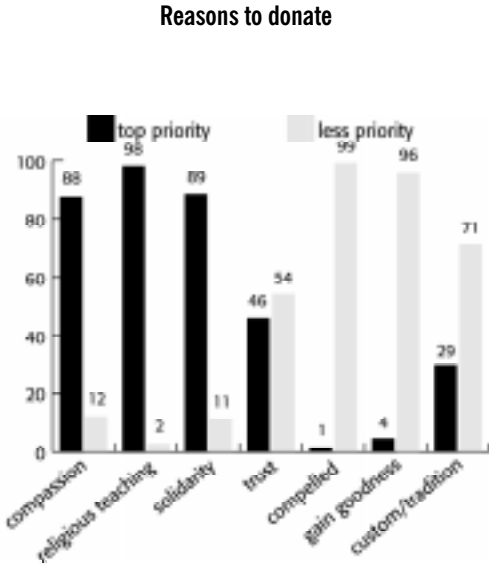
Reasons to Donate

People give based on a particular reason; it can be either normative or a particular interest. The normative reason can be applied when people think that donating is part of religious teachings or a way of building up prestige and image in the society. People, in fact, always have the most logical reason why they donate. It is therefore necessary to find out the reasons why people donate since it might help us identify the right perspective for fund raising.

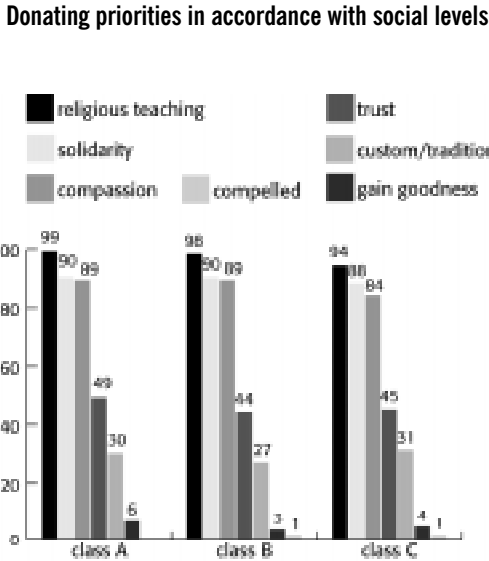
In accordance with the social nature of donation, it is suggested that coercion and excessive promises without proof of accomplishment do not encourage donation. Fund raising strategies can be fruitful when they involve an effort to raise a sense of compassion and solidarity which is much appreciated, while the community also feels assured that the donation will reach the right place and be used properly.

This statement was adopted at the survey to find out why people donated in several cities in Indonesia. In the 11 cities observed, most people were willing to donate for such reasons as the need to express feelings of compassion for one another, a sense of social solidarity, and a religious command. A community would likely not turn down requests for donations if they trusted the organization. On the other hand, a community would resist requests for donations in which the elements of coercion and private interests were displayed. The factor of custom and tradition apparently did not help convince people that they should donate. (See Graph 1.9.)

graph 1.9



graph 1.10



Based on social class, priority reasons are not significantly distinctive among social levels. Graph 1.10 displays the priority reasons in donating subject to social levels. Clearly, all the three classess have similar reasons for prioritizing giving: compassion, sense of solidarity and religious teaching.

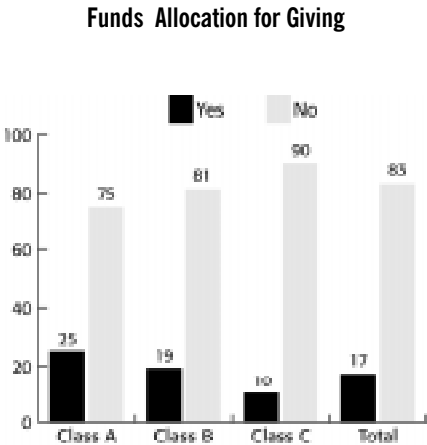
Donating priorities were not particularly different among the cities surveyed. The respondents in all 11 cities agreed that the top three priority reasons (compassion, sense of solidarity and religious teaching) were the most appropriate reasons to donate. The significant difference of their priorities was found in the factors of trust in the organization asking for funds, and custom or tradition.

Among the respondents from the 11 communities, those from Manado, Denpasar and Padang thought that trust was a very important reason to donate, while those from Medan and Balikpapan did not agree that it should be prioritized in giving donations. Custom and tradition were the main considerations for the respondents from Denpasar, Bandung, Semarang and Manado. Meanwhile, those from Surabaya and Balikpapan did not assume that this factor really affected the willingness to give to charity.

Further observation was made to assess people’s awareness and readiness to give donation. The readiness of people can be assessed based on how many of them set out planning to save some of their income for charity purposes, on top of their obligation to fulfill their respective religious interests, such as zakat for Muslims.

In line with the above explanation, the survey revealed little interest among the people to prepare for donation giving. Few of them expressed great willingness to save cash to be donated regularly. In fact, taking into account social level measures, the higher the social status of a person was, the more money he spent for social contributions. This has strengthened the assumption that the potential indication of commitment in giving obvi-

graph 1.11

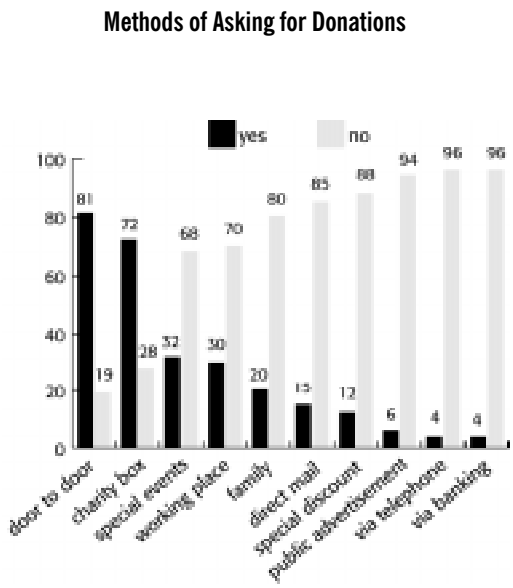


ously derived from the higher class of society (see Graph 1.11). According to the region's setting, Manado seemed to be the most prepared society in giving donations. Almost half the population of Manado said that they have deposits of money assigned for donation every year.

An interesting point that can be observed concerning the nature of donation giving was how much money is allocated for donations. The survey shows that the accumulation of money collected in the 11 cities was relatively high. The average cash allocated yearly for donation, amounted to Rp. 834,784 (US\$83) with the following distributions: the largest amount of allocation comes from class A, around Rp. 1,648,629 (US\$165)—three times that of class B and twelve times the amount allocated by class C. The people of Medan, Bandung, and Manado were recorded as valuing contribution the most, while those from Surabaya, Denpasar, and Padang gave less contributions.

Methods of Donations

The survey included the different methods for soliciting donations practiced by fund raising groups. The most common was the door-to-door method (81 percent). The charity box was another common method (72 percent). Following these, though much less practiced, were special events

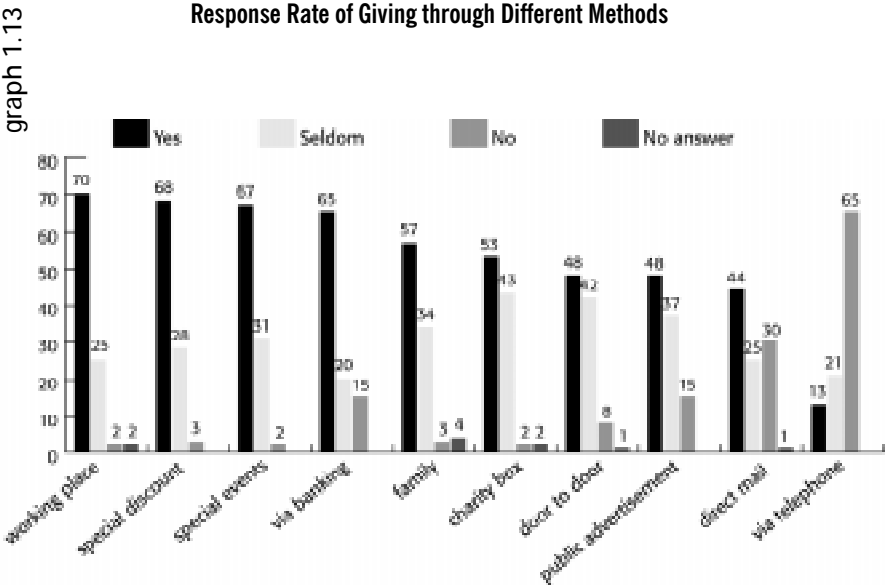


graph 1.12

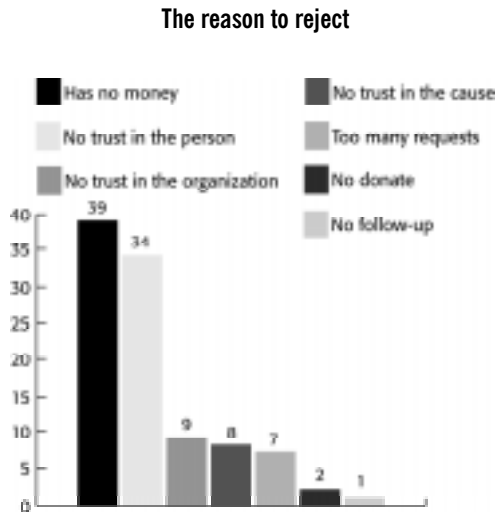
(32 percent), and face-to-face in the workplace (30 percent). Surprisingly, soliciting by direct mail, and special discount, were not so popular (15 percent and 12 percent respectively). Much less practiced were fund raising via banking, telephone, and public advertisement; they were 6 percent or less (see Graph 1.12).

Asking for donations by telephone seemed to be the least popular method, and in fact about two-thirds (65 percent) of the respondents in the survey refused to give when asked using this method. One possible explanation for this was the high incidence of abuse and lack of transparency in this method. In general, however, at least almost half of the respondents indicated they would positively respond to any other method. The highest possible success for getting donations was through the face-to-face method in the workplace (70 percent). This is followed by special events and discount (around 65 percent); and family members and charity box (around 55 percent). Direct mail, door-to-door solicitation, and public advertisement are in the next row, around 45 percent (see Graph 1.13). Clearly personal relations and familiarity influence the success for fund raising.

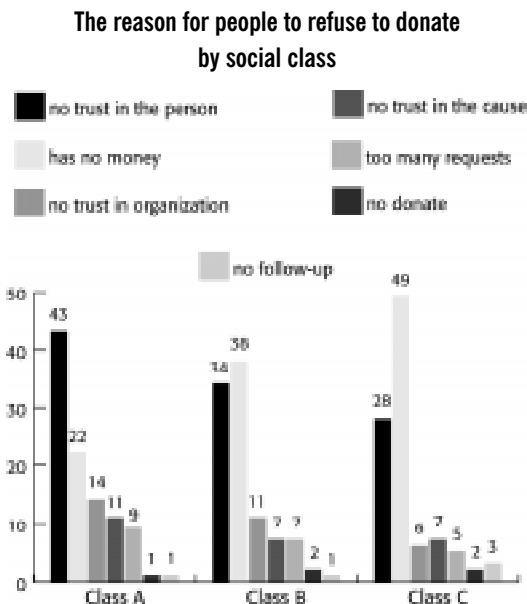
What about the refusal to give? There are two main reasons why people refused to donate. The first was lack of trust in the person (fund raiser) and the second was the capability to give. Other reasons, such as trust in the organizations, their respective programs, the frequency of asking, did not constitute significant reasons not to give (see Graph 1.14). The problem of



graph 1.14



graph 1.15



trust seems to be related to the daily phenomenon experienced by the public, especially in urban areas, where a lot of street fund raising is practiced. A lot of street fund raisers use fictitious organizations and raise funds for themselves rather than for social and other causes.

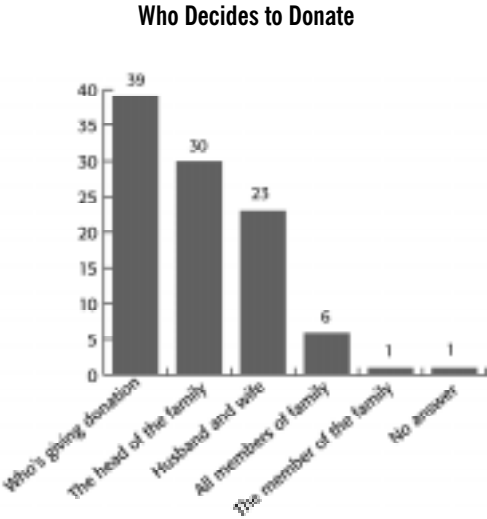
Among the social classes, a somewhat different reason was found for

not giving. The higher the class, the more the reason for not giving related to the problem of trust; and the lower the class, the more the reason related to the problem of capability. The issue of trust did not seem to be very important for the lower class of society (Graph 1.15). Respondents in Jakarta and Makasar were more sensitive to the problem of capability, while those in other cities were more resistant towards fund raisers perceived as unqualified.

The next question was: who decides to donate? The survey revealed that in most cases, it was the individual himself/herself who did. In other words, giving is an independent decision that has nothing to do with the donor's status in the family, whether as father, mother or child. In this regard, the economic resource to which a donor has access, by which the giving capability is determined, seemed to be the most influential factor for decision making. As shown in Graph 1.16, the three categories of family members—the head of the family (normally the father), husband or wife (30 percent and 23 percent respectively)—came after the category of who really gives the money in terms of decision making role (39 percent). Collective decision making for giving was not a common practice (6 percent). This phenomenon was found among all social classes in almost all the cities. Only in Bandung and Manado did the roles of husband and wife show greater tendency.

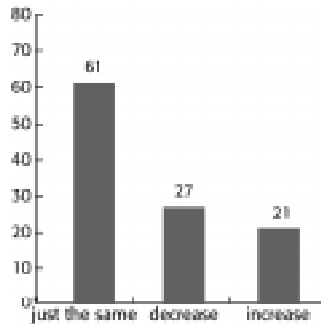
The capability to give influences giving patterns when a certain crisis occurs. In general all classes gave regardless of the social economic context of the society. Most of the respondents (61 percent) stated that they gave in

graph 1.16



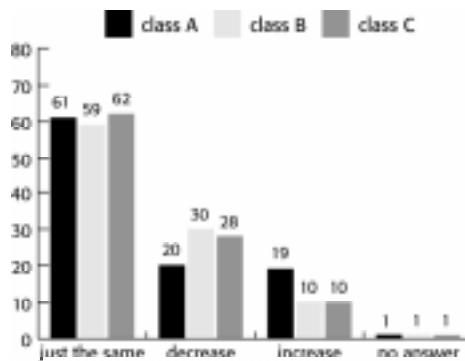
graph 1.17

Giving Pattern after the Crisis



graph 1.18

Giving Pattern after the Crisis by Social Class



normal situations as much as in crisis situations, and only less than one-third (27 percent) gave less (Graph 1.17). The higher the class, however, the less the changes were in giving behavior. A significant portion of social class A (19 percent), for instance, was shown to give more in the crisis situation, despite the fact that a similar portion of the same class (20 percent) gave less because of the crisis (Graph 1.18). In terms of geographical areas, respondents in Jakarta, Bandung, Padang, Makasar and Pontianak, showed a declining tendency to give as the crisis occurred. ►

Notes

- 1 Based on survey conducted by LP3ES.

4 | Key Findings from the Case Studies

Overview

This section elaborates the various patterns and strategies commonly used by 18 groups to raise funds. The classification of the groups used as case studies were based on the International Classification of Non-profit Organizations (ICNPO) that identifies 12 types of non-profit organizations.¹ These cases were chosen from the major regions of Indonesia: Java, Sumatra, Kalimantan, Sulawesi and Bali. Maluku and West Papua, two other major regions of the country, were excluded from the study for two reasons: security and the low prospect of gift market. In Java, the studies were conducted in Jakarta, East Java (Mojokerto and Surabaya), Central Java (Solo), and West Java (Bandung). (West) Sumatra is represented by Padang; (West) Kalimantan by Pontianak; (South) Sulawesi by Toraja; Bali by Denpasar.

In terms of ways to mobilize resources applied by the groups, they can generally be divided into three different categories, namely, Accessing Existing Wealth (from private and public sources), Generating New Wealth (through market-based approaches to acquire earned income), and Capitalizing on Non-Financial Resources.² However none of the groups studied applied single fund raising method, nor did they seek single source of fund. The fund raising techniques and strategies that these groups applied were quite effective and innovative, including sophisticated methods through the use of the internet, banking facilities and credit cards. Media campaign also proved to be very effective for generating funds, but was not utilized by many groups as it was expensive.

Some organizations developed donor relationship through the membership system. Special events, endowment building, and corporate grants were other means employed by several groups but generally found to be not very effective. Religious funds proved to play the most significant role for individual giving in some groups. It contributed up to 100 per-

cent of these groups' sources of fund.

The case studies revealed four major sources of funds: individual, corporate, government, and sales of products and services (earned income). Most of the groups explored more than one source of funds. Individual giving, however, was the most popular source of fund sought by most of the groups in the study—especially those whose cause is based on religious aspiration. The second popular source of income were sales of products and services. At least 11 groups employed this strategy. Corporate contribution was another source of income perceived as promising by many activists, but it was dealt with some caution as it might have raised an unfavorable public impression for the group or it might have been obtained at the expense of independence.

Both cash and in-kind donations were commonly found in the study, collected both from individuals and corporations. The cash donation is classified into two types: designated or supporting donation, and block or undesignated donation. Supporting donation is understood as a donation given by the donor for a certain purpose or to support certain activities, projects or programs; while the second type is understood as any donation given without any predetermined purpose wished by the donor. In-kind donations were given in various forms such as buildings, volunteers, discounts or goods. One group, Yasmin, is a unique example. It collects used goods in any form—clothes, furniture, books—and sells them in second-hand goods stores which it runs to fund its scholarship program. Meanwhile, some Islamic organizations manage assets collected from donations called *waqf*.

The case studies also showed that there is an urgent need for improving capacities for fund raising related activities, especially in terms of technique and donor cultivation. A number of organizations have applied fund raising activities as a systematic managerial function, but mostly treat them as ad hoc activities. Moreover awareness among the groups on the importance of impact assessment and cost benefit analysis of every fund raising method they applied was also very lacking.

Sampling/selection criteria and methodology

Eighteen cases are included in this study:

1. Yayasan Dompot Dhuafa/YDD
2. Yayasan Mitra Mandiri/ YMM
3. Pusat Pendidikan Lingkungan Hidup/ PPLH
4. Yayasan Dana Sosial Al-Falah
5. Yayasan Manusia Indonesia/ Yasmin
6. Yayasan Karya Sosial Pancur Kasih/ YKSPK
7. Dana Mitra Lingkungan/ DML
8. Komite Kemanusiaan Indonesia/ KKI
9. Yayasan Darut Tauhid
10. Medical Emergency Rescue Corps/ Mer-C
11. Yayasan Tengko Situru
12. Yayasan Bina Swadaya
13. Yayasan Dharma Warga Usia Lanjut/ Dharma Wulan
14. Dompot Sosial Umul Quro/ DSUQ
15. Yayasan Kristen untuk Kesejahteraan Umum/ Yakkum
16. Koperasi Setia Bhakti Wanita/ KSBW
17. Maha Boga Marga
18. Yayasan Bhakti Nusantara Isafat/ YBNI

Initial efforts were made to have an equal distribution of cases among sectors as well as locations in accordance with the number of cities and the household on which the survey was conducted. However, the study was constrained by the availability and approval of NGO representatives participating in the research. Similar to the Philippines case,³ organizations that were politically motivated (i.e. run by politicians or politician's kin) or closely linked to bureaucracy and those whose resources depended solely on political connections were excluded from the study. In terms of size, measured by its staff and annual budget, this study includes small, medium, and big organizations. The selected organizations must have undertaken fund raising schemes other than relying on grants from international or local foundations. Finally, the most important criterion was the possibility of replicating

the experiences of these organizations.

Preliminary information was gathered from existing directories from different sources: internet browsing, internal magazines, and personal contacts with many NGO activists. Based on these criteria, field study was conducted primarily through interviews with relevant officers and boards of directors, including the executive directors, financial and programs staffs. Analysis of documents was also conducted.

Sector and area

Of the 18 groups, five are intermediary groups focusing on philanthropy and volunteerism, four are on development and housing, six are on education, research, and social services (with two groups focusing on each of these areas), three are on cooperative, health, and environment (with one focusing on each of these areas). Some of the groups, however, may fall under more than one category, but the main area was used as the classification basis. No studies were done on groups that worked in the sectors of arts and culture, law, advocacy and politics, and international affairs.

Most cases were taken from the capital city, Jakarta (seven cases), followed by East Java (three cases) and West Java (two cases); and from Pontianak, Toraja, Padang, Denpasar, and Solo (one case from each city).

Size of NGO

In terms of size, i.e., based on staff number or annual budget, the study classified the cases into three groups: large, medium and small. These two criteria were used optionally due to the fact that a group that is small in terms of staff may run a large amount of funds, and vice versa. Groups with a staff of less than 10 or an annual budget of Rp. 1 billion or less are classified as small-scale, those with a staff between 10 and 25 or an annual budget between Rp. 1 billion and Rp. 5 billion as medium scale, and those with a staff of more than five or an annual budget of more than Rp. 5 billion as large-scale.

Based on this criteria, 13 cases were classified as large organizations, three cases as medium-scale, and two as small-scale.

Year established

Similarly, in terms of age the groups were classified into three categories: young (three years or less), medium (four to 10 years), and old (11 years or older). Half of the groups are over 11 years old, with Yakkum as the oldest (51 years old) which was established in 1964. Five groups were established in the early 1990s; and the rest (four groups) are relatively young, with Mer-C as the youngest (established in 1999). The facts that the four groups were only established in or after 1998, when the economic crisis hit the country, and that they all have the ability to raise domestic funds from individual giving show that fund raising efforts are not the monopoly of established, old, and experienced groups as many had believed so far.

Proportion of domestic and foreign sources of funds

The study focused on organizations whose funds were at least 50 percent from local sources. More than half of the groups were 100 percent funded by local sources since their beginnings. Six of them (YDD, DSUQ, YDSF, YDT, Yasmin, and Mer-C), were mainly supported by religious funds, mostly Islamic, known as zakat, infak, and sadaqah. Four others were supported by funds based either on membership (Wulan and KSBW) or on individual giving (YBNI) and corporate giving (YMM). While eight others were funded by a combination of earned income, corporate donation, and foreign grant in smaller portion (less than 40 percent).

Fund Raising Team Roles

Despite the fact that fund raising was perceived as a very important element for the long-term sustainability of the organization, it was not treated as a managerial function in most of the cases studied. There were groups that established fund raising teams within their organizations but lacked a clear vision. It was quite typical that for the board of trustees and board of directors to play a role in generating the initial fund or a major gift and, in certain groups, building endowment funds. This was found in the cases of DML, YMM, KKI and Mer-C. It was very common that the staffs, in many cases supported by volunteers, played a role in fund raising both in terms of routine activities and of special events.

Nevertheless there is an urgent need for improving capacities for fund

raising related activities, especially in terms of technique and donor cultivation. A number of organizations have applied fund raising activities as a systematic managerial function, such as through marketing approaches as implemented by Dompét Dhuafa Foundation and Al Falah Foundation, and therefore some resources were dedicated to develop this function. DD's and Al Falah's marketing division have been equipped with professional staffs with specific scope of works focusing on campaign/marketing and collecting funds. A similar pattern, though not as well established as it is with DD and Al Falah, was found in the case of Darut Tauhid and Ummul Quro'.

Fund Raising Patterns and Strategies

Accessing existing wealth

Individual giving: method diversification and donor profiling

Most of the groups studied started their fund raising effort from the simple activity of employing their respective existing internal resources. Yasmin (Yayasan Manusia Indonesia), for instance, started by collecting used goods from its own board members and staff and a few donors. Later, they expanded this activity on a "commercial" scale. DD Foundation started its fund raising by collecting zakat from the *Republika* daily's employees.⁴ Yayasan Pancur Kasih started by collecting resources from its surrounding Dayak community members.

Different methods and strategies were effectively applied for different types of donors. The membership system for Dompét Dhuafa and Damar Wulan was successful as their main target were the upper middle class who were familiar with modern systems such as credit or discounted cards. Media campaign and direct mail were very often used but complementary with other methods. Special events were mostly useful for generating significant amounts of funds but were rarely used as they were expensive and not easy to organize.

A successful fund raising effort is also influenced by the issues and causes an organization dedicates itself to. Individual donors are more attracted by disaster relief or calamities and charity for the poor. Education and health are two other popular causes. Meanwhile, corporations are attracted to both

charity and developmental projects, including small-scale enterprise and micro-credit, and environment development. The more abstract the issue, however, the less popular it was among donors. Issues or causes such as advocacy, democratization, gender, and human rights, were among the difficult issues to raise funds for.

Interestingly the groups segmented their donor market. DD Foundation focuses on upper middle class Muslims by researching professional groups, business associations, and the like. YDSF, with similar target groups, focuses more on the working class in Surabaya. PPLH specializes in programs for school children and for professional for its specific outbound program. YKSPK targets the local Dayak community. In terms of methods, the four most popular ones, including individual giving, direct mail, membership, media campaign, and special event, are elaborated below. This section is followed by an explanation on corporate giving, and an important but least used method by NGOs, the endowment.

Direct mail

Direct mail is the fund raising method most commonly practiced, though in varying degrees, by almost all of the 18 cases studied. Nevertheless it is not professionally approached and is done conventionally in terms of format and design, as well as writing style. The way fund raising letters are written, for example, does not differentiate it much from other “administrative” letters. Typically, a cover letter is sent with a brochure and proposal attached rather than a letter of appeal.

The letter is normally followed by the personal approach, and the role of the board of directors, trustees and senior staffs is very crucial at this stage. It is this approach in fact which is more effective and fruitful; it is however limited to a small number of donors. The luncheon or dinner meeting is a supplementary activity in this regard.

The DD Foundation routinely sends out letters to about 1,500 prospects per month, while PPLH sends less than five letters per month. Other groups send letters occasionally. Cost ineffectiveness seems to be the main problem perceived by many groups for the direct mail method. Unless it is supported by a good database, with proper segmentation, and sufficient human resource, direct mail is ineffective. The right momentum is also important for direct mailing. Most of the Islamic groups, such as DD, YDSF, DSUQ, PPLH, DSUQ and Mer-C, send more letters during Ramadhan and

other Islamic holidays such as Idul Fitri and Idul Adha, times when most Muslims pay their ZIS obligations. Times of crisis, natural disaster or famine incidences, also provide good momentum for direct mailing.

Membership

Fund raising through membership is applied by a number of groups that have a wide donor base. There are 10 such groups found in the study, including DD, Dharma Wulan, DML, Yayasan Pancur Kasih, YDSF, Yayasan Darut Tauhid, Mer-C, DSUQ, KSBW and YMM. For YMM and YDSF membership is very loose and more in partnership rather than tied up arrangement. Its membership includes both corporations and individuals.

In some groups—Dompét Dhuafa, YDSF, DSUQ, YDT, YKSPK, and KSBW—designated staff members organize member recruitment. Dompét Dhuafa divided its marketing section into two subsections, corporate and retail. YDT designated the staff of its special program, Dompét Peduli Umat, to handle it. YDSF, meanwhile, has its marketing and donors development section staff. These groups also involve volunteers, especially for new member recruitment. Nevertheless, some groups, Dharma Wulan, Mer-C and DML, have not adopted the same approach. They have neither an assigned staff nor a continuing recruitment program. An “individual member gets (new) member” is its approach instead.

The membership system has given many groups routine donation that in turn provides them with a lot of flexibility and program opportunities. This method however needs special attention and budget in order to nurture and maintain donors. Good communication and public relations are crucial. Dharma Wulan, DD, YDSF, DSUQ, and YDT, provide special incentive for their respective members. All of them, in addition to getting greeting cards on certain occasions, send their respective internal magazine free of charge to the members. Dharma Wulan and DD, issue nice, professional-looking membership cards that also serve as a discount card in many merchant shops. In the case of DD Foundation the membership card, the Kartu Ukhuwah (Brotherhood Card), also functions as an ATM card as DD Foundation has the cooperation with a commercial bank, Bank Muamalat, for its membership. This has provided easy access both for the donors and DD Foundation as donations can be automatically transferred every month from the donor’s account to DD’s.

Media campaign

The media campaign is very effective for generating funds, though it is expensive. Several organizations that have carried out systematic mobilization campaigns through the commercial mass media have succeeded in recruiting thousands of people to become regular donors. Some groups were successful in using this method because they were either part of or supported by media. Media support for the groups comes in different forms including the use of its space as fund raising tools, discounted rates for its public advertisements, and the use of print and broadcasting space to report the groups' activities. Dompét Dhuafa Foundation is fully supported by *Republika* daily newspaper in all three forms. Yasmin and DSUQ enjoy a special rate for their public advertisements in *Republika* and *Pikiran Rakyat*, another daily newspaper. Mer-C gets subtle support in the form of the publication of its press releases reporting on its activities.

Many of the groups studied—for example, DD Foundation, YDSF, Darut Tauhid, DSUQ, Damar Wulan—have even established their own mass media tools, such as magazines. Darut Tauhid has a radio station. These media are effectively used as fund raising tools. Various companies place their advertisements in Dharma Wulan's magazine, *Wulan*, thus providing a source of income.

The major success of the media campaign in fund raising lies in its high transparency. This is especially true with television, which is distinctive in its interactive characteristic. Although many donors prefer to remain anonymous, the transparent manner of the fund raising gives donors a sense of security and accountability. Like DD Foundation, YDSF, Darut Tauhid, and Ummul Quro also routinely use media, both their own and others, to publish their financial positions. None of the groups studied, however, ever conducted the cost-effectiveness of such campaigns.

Special event

Many of the groups in this study do not hold special events very often. The main reasons are they cannot afford the cost and do not have adequate technical skills to organize such events. When they do hold them, however, it is for purposes besides just for fund raising. These special events also function as a means to promote the organization, to recruit new members and volunteers, and as an expression of gratitude to the donors. The four groups who implement special events as a fund raising strategy are KKI, Dompét

Dhuafa, DSUQ and Dharma Wulan. Two other groups, Yasmin and Darut Tauhid, occasionally hold special events but not exclusively for fund raising. They also hold them as part of their anniversary celebration or for public gathering.

Groups that utilize special events exclusively for fund raising, such as KKI and DD Foundation, normally hire a professional event organizer to do it. KKI's "We Care Indonesia" musical concert that was held in Bogor Palace, for instance, involved professional television presenters and artists. It succeeded in collecting as much as Rp. 3 billion from the concert. DD Foundation has a more established relationship with Skema (Seni untuk Kemanusiaan or Art for Humanity), a professional big-events organizer. For smaller and simpler events, however, DD Foundation will involve their own staff and volunteers. Similarly DSUD takes such approach with such events as a film festival and mass gathering, while Dharma Wulan has held a golf tournament, seminar and bazaar, specifically for their internal constituency.

Corporate giving: a growing market

As mentioned in Chapter 2, there are four types of corporate involvement in social activities in Indonesia. At least two case studies, DML and YMM, provide a good example of institutionalized corporate giving through the consortium model. This model was initially applied in the 1980s, when a group of individuals and corporations established Environmental Partnership Fund/Dana Mitra Lingkungan (DML). Currently, DML has 300 members, including individual and corporate donors. DML distributes its funds to organizations with a program, vision and mission in the environmental sector. Another example is Mitra Mandiri Foundation (YMM), an affiliate of United Way International established in 1995.

The loose, flexible membership model developed by YMM appears to be more effective than DML's strictly tie-up model. YMM has succeeded in reaching 26 corporations, generating large amounts of cash and in-kind donations. During the implementation of previous field projects, both DML and YMM contributed funds to local non-profit organizations in the amounts of Rp. 1 billion and Rp. 600 million, respectively.

In general corporate giving is growing and out of the 18 cases studied, 11 groups have enjoyed corporate donation at different times and in different sizes. Dompot Dhuafa Foundation, Yasmin, YMM, YDSF, PPLH, YDT, DML, KKI, Mer-C, YBNI and Dharma Wulan are all receiving corporate

donations. Different approaches are needed to capture corporate donations, and must be professionally done, in a businesslike manner that shows clear give-and-take, mutually beneficial impacts. The role of the board of trustees and board of directors is especially crucial in dealing with corporate donation as experienced by DML, YMM and KKI. For those groups that do not have a prominent or influential figure, the collective approach involving the board of trustees and the program or project director was more effective, as experienced by Dompot Dhuafa Foundation, Mer-C, Darma Wulan, PPLH and YDSF. There were three forms of corporate giving involved:

1. *Cash Grant/Block Grant.* This refers to donations in cash given by a corporation with full authority in the hands of the recipients in terms of managing the grant. Several groups in the case study used such grant for funding their programs, for institutional support, and, in DML's case, for endowment building. YMM was another group that received a corporate block grant in a significant amount. Cash grant donations could be given as annual membership fee. Both YMM and DML are also receiving such donation; in the case of DML, the specific purpose is for endowment building.
2. *Supporting Program/Designated Donation.* This refers to donations in cash given by a corporation with specific program activities or purposes designated by the donor. DML received supporting grant for its clean water and sanitation program; DD Foundation received a Dunkin Donut's donation from its sales (Rp. 100/transaction) for a certain period of time, to provide scholarships for poor children. Such donation normally relates to a certain occasion, such as a company's anniversary, or a national holiday. In many cases, the supporting grant is given based on a proposal submitted by the recipients.
3. *In-kind Donation.* This refers to any non-cash donation such as office facilities, used goods, skills, experience and volunteers. Mer-C has enjoyed in-kind donation from some airlines in the form of discounted tickets for its cargo and staff/volunteers in its humanitarian activities. YBNI was provided with internship opportunity for its high school students, while Dharma Wulan and DD Foundation were provided with special discounts by various merchants and traders for their respective member cardholders. YMM was given office space and professional staff's working time by American Express and Price Waterhouse Cooper and Expand.

Endowment

Out of the 18 case studies, only three groups—DML, Dharma Wulan and YKSPK—built an endowment fund. Some groups have only recently started thinking about it and the rest have purposely not built one. Bina Swadaya and Tengko Sitoru are two groups that do not want to build endowment funds as they are of the opinion that managing the fund through other types of investment in the market is more valuable rather than investing in deposits.

DML and Dharma Wulan built their endowments from funds given by their respective founder members in the beginning of these organizations. These funds were also partly used for their initial programs and overhead costs. Routinely DML saves some of the money to build the endowment, in addition to other block grants that came later. Unlike DML, Dharma Wulan's endowment is not as well-developed and has tended to decrease. YKSPK started its endowment building only in 1995 or about 14 years after its establishment. The endowment was built from part of its earned income and contributions given by its staff and board members. They agreed to donate 20 percent of their salary and honoraria for the foundation.

Endowment building is not only unpopular but in terms of amount has not reached a significant level. The biggest endowment fund among the studied groups is that of DML, at around Rp. 4.3 billion, and the smallest is Dharma Wulan's, at around Rp. 300 million. In between is Pancur Kasih's, at around Rp. 800 million. Among the reasons for the unpopularity of the endowment fund is the low interest rate, the lack of incentive from government in terms of tax exemption for such fund, and a lack of technical skill in endowment fund development and management.

Creating new wealth through earned income

Many of the groups studied have various forms of business ventures. Some of them have professionally managed the ventures to a commercial scale. The ventures range from agriculture to travel, consultancy and training. Bina Swadaya, YKSPK, and Yakkum are groups that employ professional staffs for their ventures. The accounting systems of the foundation and the ventures are separate. Yasmin is another example of such a group despite its small size. Other groups, PPLH, YTS, KSBW and YBNI, also manage some forms of business but in a less professional manner. The foundations' staffs and boards of directors are to some extent still involved in the ventures, and

the accounting systems are also still integrated. In the case of Mer-C and PPLH, their respective public relation staffs are also responsible for managing their products sale.

Some of the earned income sources of the groups studied are as follows:

1. Professional Services. Trainings, courses, workshops and consultancy services on certain expertise mastered by the groups are typical activities. PPLH provides environmental education for school children and landscaping courses for hotels staff; Bina Swadaya provides various agricultural skills courses; Darut Tauhid provides management and out-bound trainings.
2. Board and Lodging Rental. Some of the groups have assets such as building and premises which they rent out to the public and other groups. The premises are provided with meeting and conference facilities, lodging and office room. YTS, YDT, and PPLH, for example, run cottages and bungalows, while Bina Swadaya runs a training center.
3. Sale of Products. Other typical earned income sources are sales of products, mostly souvenirs and publications. Yasmin runs secondhand good stores called Barbeku. The goods are either donated by donors or bought from the general public. Bina Swadaya publishes and sells a monthly magazine, *Trubus*, and other agricultural publications. PPLH sells souvenirs. Yayasan Darut Tauhid runs a mini market selling their own products as well as other consumer goods. DSUQ and Mer-C document their humanitarian activities in VCD and sell the VCD to the general public.
4. Tour and Travel. Some of the groups run tour and travel-related business ventures. Ecotourism is a popular theme. YTS, Bina Swadaya and PPLH are three groups that have significant touring programs for a fee.
5. Credit and Revolving Fund. This is another popular source of earned income for non-profit groups. Many of the groups initially received grants from certain funding agencies as a revolving fund scheme for small and medium enterprise development. Others raised their own funds from local donors for the same purpose. Bina Swadaya, YKSPK, YTS and KSBW are groups that have significant credit and revolving scheme programs.

Generally, earned income is getting popular and acceptable for sustainable fund raising. However, there are some constraints and problems faced by many groups:

1. Non-familiarity with profit-oriented programs
2. Lack of skill and experience with businesslike venture management system
3. Lack of capital and human resources
4. Lack of access to financial institutions
5. Misperception of the general public about not-for-profit organization doing business
6. Competitiveness with real commercial sector

Capitalizing on non-financial resources

As elaborated in Chapter 2, under “Historical and Sociocultural Context,” traditional values of volunteerism are still alive among the Indonesian people. Different groups in different communities, within their respective contexts, capitalize on these values.

YKSPK (Pancur Kasih) in Pontianak, West Kalimantan, YBNI in Padang, and Yayasan Tengko Sitoru in Toraja, all capitalize on such traditional values to mobilize resources in their respective areas. Pancur Kasih is especially successful in capitalizing on the Sa’aleant traditional value for the purposes of a long-term fund raising activity—in which it raised up to Rp. 600 million to build a Dayak Community Solidarity Fund, as well as its pension fund and credit union. Tengko Sitoru, in addition to Arisan Tenaga, also capitalizes on Lelang Makanan and Buah Bungaran traditions in the Toraja community. Lelang Makanan refers to an auction of foods served by the host of social gatherings with the proceeds donated to the group. Buah Bungaran refers to a donation by someone who has a first harvest from either farm cultivation or husbandry.

In urban areas, such traditions have gradually vanished, edged out by materialism and consumerism. In the cities, everything is valued in terms of money and material goods, and people prefer to pay for the service or have their servants do the work for them. However, during economic and financial crises, acts of volunteerism became common again. Various natural disasters and social conflicts throughout Indonesia have motivated people to be more concerned with multifaceted crises. Many professionals who were not previously active in social activities have demonstrated great participation.

Three forms of volunteerism have recently developed. First is volunteerism by individuals who are not coordinated under any special organization. Second is volunteerism that is coordinated by a certain group or

Volunteerism Pattern	
Type of Volunteerism	Participants
Fundraising	Artists, Public Figures, Students
Facilitation and Advocacy	Lawyers, Psychologists, Doctors, Univ. Students, Victims' Family
Profession	Lawyers, Psychologists, Doctors, Accountants
Technical Assistance	Employees, Students

organization for incidental or temporary programs. And third is volunteerism that is managed by a group or organization with professional and sustainable programs. The third type is characterized by a strong verbal and written commitment from volunteers to be actively involved in implementing programs and routine and continuous activities. This type of volunteerism leads to the formation of an organization or a division specifically to recruit volunteers professionally. Table 1.16 shows the current pattern of volunteerism.

YDSF, DSUQ, YDT and Mer-C are helped by volunteers in their fund raising. Dompot Dhuafa and KKI recruit volunteers for their field workers and for handling special events. Nevertheless, only a few of the groups systematically organize and manage volunteers; out of the 18 groups studied only DSUQ and Mer-C have continued volunteer recruitment and cultivation programs.

Interestingly, there are groups that have acquired the commitment of some public figures and celebrities to give time and support to their organization. Yasmin has a “donation board” whose members are public figures from different sectors, or public figures with influence and power.⁵ DD Foundation and KKI are groups that often get support from artists, while DML and YMM get support from prominent business figures. ▀

Notes

- 1 For detailed information on this system see Salamon, Lester M. et al. (1999). *Global Civil Society: Dimensions of the Non-profit Sector*. The Johns Hopkins Center for Civil Society Studies, Baltimore, MD. Appendix A.
- 2 This categorization is borrowed from *Towards Financial Self-Reliance: A handbook of approaches to resource mobilization for citizen's organizations in the south*, adapted by Richard Holloway from CIVICUS Book. Unpublished

manuscript, 1999.

- 3 As reported in *Investing in Ourselves: Giving and Fund Raising in the Philippines*, Venture for Fund Raising, 2001.
- 4 *Republika* daily newspaper is a commercial newspaper some of whose senior editors established Yayasan Dompét Dhuafa.
- 5 Some respected figures on this board are Didik J. Rachbini (an economic expert), Said Agiel Siradj (an ulama from Nahdhatul, the biggest religious group in the country), Fathi Siregar, (a businessman), Miing Bagito (a comedian and presenter), Abdillah Thoha (from Partai Amanat Nasional, a political party).

5 | Conclusion¹

The household survey reveals that the gift market in Indonesia has better prospects if there is a high level of mobilization of individual and corporate giving. The incidence of giving is relatively high, firstly donated to individuals (96 percent), secondly to religious organizations (84 percent), and thirdly to other organizations (77 percent). The survey also confirms that religious teaching is the main reason that people donate. Another influential factor is financial capability. In absolute terms the higher the social class the bigger the level of per capita giving. Another important finding from the survey is the fact that trust is the major factor for people donating or not.

Religion has proved to play the most significant role for individual giving in some groups. The case studies showed that most of the religion-based organizations were not only able to operate with 100 percent domestic funding (ZIS based), but were also able to raise more than 90 percent of their funds from the public. This was not the case, however, with non-religious organizations. Public relations and the communication of NGOs' roles and efforts are much needed in this context, but must be supported by good internal governance and a code of conduct. More accountability, transparency and professionalism among NGOs must be engendered. This is important to lessen the tension between the business sector and NGOs on the one hand, and to increase public and private trust in the non-profit sector on the other.

It is important to note that the distribution of ZIS-based funds has already been specified under Islamic rules to the eight beneficiary groups. Therefore it is recommended to initiate dialogue and discourses at different levels among religious groups to broaden the narrow interpretation of the possible uses of ZIS funds beyond purely religious-based.

In terms of fund raising strategies many Indonesian NGOs have practiced various methods. None of the groups studied applied single fund rais-

ing method, nor did they seek a single source of funds. The fund raising techniques and strategies that these groups applied were quite effective and innovative, including sophisticated methods through the use of the internet, banking facilities and credit cards. Some organizations established donor relationships through the membership system. Special events, endowment building, and corporate grants were other means employed by several groups, but generally not yet effectively.

To improve fund raisers' effectiveness, various capacity building activities are needed. Fund raising organizations need to be equipped with certain analytical tools such as impact assessment and cost-benefit analysis. Tailor-made fund raising strategies and programs could be tried out to compare its success and failure. Such "scientific approach" is important to systematize the current fund raising approaches and strategies applied by the groups. External resources should be made available to help the groups start these complementary activities.

Human resource capacity building is another important area that needs to be addressed. Fund raising training is especially important, but training on database and donor management is also needed. Media training for journalists and editors is an important step towards increasing public awareness and interest in giving and social development. Media involvement in social fund mobilization efforts needs to be further encouraged, as it has proven to be very effective. Closer relations between NGOs and the media will enhance fund raising effectiveness.

Broad-based coalition building is essential. University involvement is also crucial, especially in relation to academic endeavors to develop further concepts and gather baseline information that will facilitate both social and business groups in building their respective capacities in this relatively new frontier. Interest has been expressed by certain faculty at the University of Indonesia to establish a Center for Corporate Social Responsibility. There was also a serious discussion as to how to create an umbrella among corporations, drawing from the successful model of the Philippine Business for Social Progress (PBSP) in the Philippines.

The potential to fund raise through intermediary groups seems to be more acceptable and appreciated with the success of such groups as Dana Mitra Lingkungan (DML) and Yayasan Mitra Mandiri (YMM). The creation of such intermediary groups for other causes such as small and medium enterprise development, or art and culture development, needs to be initi-

ated. To help such initiative, surveys to understand the trend and pattern of corporate giving in Indonesia, is highly recommended. ►

Notes

- 1 Some of the recommendation cited here were also discussed during the National Dialogue: Strengthening Philanthropy, in Jakarta, February and April 2001; see *Indonesian Background Paper* for APPC Conference on Strengthening Philanthropy in The Asia Pacific, Bali, 16-18 July, 2001.

PART TWO

The Cases

Public Interest Research and Advocacy Center
(PIRAC)

Case 1

Dompét Dhuafa Foundation

A middle-aged mother, wearing rumpled clothes, enters a four-story office in a corner of Ciputat area, South Jakarta. She asks the receptionist: "Is this Dompét Dhuafa's office?" On getting a positive answer, her face shines. "I am coming here to seek assistance for my eldest son who is ill. I heard that this office will help someone, a poor person like myself, who is in need," she said.

Introduction

Almost every day, scores of disadvantaged persons like the woman above visit Dompét Dhuafa Republika Foundation's (DD) office. The foundation directly serves impoverished people whose needs range from financing chronic medical treatment and paying school fees, to investing in micro-enterprises. Furthermore, DD also routinely receives hundreds of letters or proposals asking for help. "We serve whomever comes to our office as long as they meet our criteria: disadvantaged, poor, and unable to find any other place to go for help," said Eri Sudewo, DD executive director.

Dompét Dhuafa is one of many such institutions that mobilize and manage community resources, specifically zakat, infak and sadaqah (ZIS). Traditionally the

Indonesian public demonstrates a strong culture of giving, driven by religion. Muslims constitute around 90 percent of the Indonesian population. The giving tradition is formally practiced through the mobilization of ZIS.

Based on Islamic teaching and customs a Muslim who reaches a certain level of income¹ must pay the zakat—amounting to as much as 2.5 percent of their annual net savings. Zakat must be paid in monetary wealth, such as gold and silver, money, and trade goods, crops and livestock. Crops refer to agricultural produce that can be stored for extended periods. Livestock refers to camels, cattle and sheep and goats. In addition, he or she is also encouraged to voluntarily donate through other forms of almsgiving, the infak and sadaqah², regardless of level of income.

Many institutions manage the ZIS in Indonesia. The government, as early as 1968, established ZIS Committee Boards (*Badan Amil Zakat, Infak dan Sadaqah* or *bazis*) from the provincial to the village levels. As an institution fully supported by the government, bazis is the most effective ZIS collector. In Jakarta, for example, Bazis Jakarta collects not less than Rp. 5 billion per year. In addition to bazis, institutions like mosques, foundations, and other social institutions also actively

manage ZIS, even before bazis.

Eri realized that DD is a newcomer. “Nevertheless, DD manages ZIS better using modern management style. If we use the total collected funds as a measure, then DD is now in the top three. Up to 1999 we are able to mobilize as much as Rp. 11 billion.”

Parni Hadi, DD initiator and founder, believes that by focusing only on the ZIS fund, the staff became more focused and creative. “In fact DD pursued a lot of innovations in the management of ZIS. In mobilizing this resource we went beyond the conventional way of managing ZIS. Other ZIS collectors are passive. We actively search and approach prospective donors through various means, we do media campaigns, we hold various public events.”

In addition, according to Parni, the ZIS potential is great. “The potential is as much as Rp. 7.6 trillion per year. However, by 1999, the official figure of collected ZIS was only Rp. 40 billion. Even if there is no economic crisis at all, wealthy people will keep on paying their ZIS as it is part of their religious ritual. This is a major challenge for DD to maximize its ability in mobilizing and managing the ZIS.”

The History of DD

Dompot Dhuafa Republika started on July 2, 1993, as a sister institution of the *Republika* daily newspaper. Six months earlier, it was an informal expression of

the newspaper employees’ social responsibility after seeing the problems caused by a famine that faced the people of Gunung Kidul, one of the poorest areas of the country, in Yogyakarta province. Initiated by Parni Hadi, who was the chief editor of the newspaper, they formed the Republika Brotherhood Association (Ikatan Silaturrahmi Republika) to identify and collect funds from its members. They agreed to deduct the funds from their monthly income, as their zakat obligation, and therefore calculated at 2.5 percent of their salary. At the time, *Republika* itself was only two years old

Through a local organization, Corps Dakwah Pedesaan (CDP) or Village Clergy Corps, Yogyakarta, led by the late Ustadz Jalal Muhsin, the funds were donated to the local people. But the community needed much more. The association’s management then decided to involve *Republika*’s readers. On July 2, 1993, *Republika*’s management provided the ISR a little space appealing for donations from the readers. The column was called “Dompot Dhuafa,” literally meaning “A Purse for the Poor.” The column appeared every day. With its motto, *Can you sleep well while our close neighbors are starving?*, the column proved effective as soon as it was launched. On the first day, the association collected Rp. 425,000. By the end of 1993, the fund collected was as much as Rp. 88 million rupiah, in addition to the Rp. 2 million monthly zakat fund from the *Republika* employees.

This growth and the enthusiasm of

the public challenged ISR to be more professionally operated. An ad hoc committee was no longer appropriate. After a year in operation, ISR was dissolved and a legally established foundation was instituted as its replacement. On September 14, 1994, before the notary office of Abu Yusuf, SH., the Dompét Dhuafa Republika Foundation legally came to life. The name came from the column. Eri Sudewo, ISR's coordinator, was appointed as its executive director.

Total Income from ZIS	
Year	Income (Rupiah)
1993	88,748,149
1994	506,110,484
1995	496,635,558
1996	1,130,608,355
1997	1,541,716,814
1998	3,054,290,757
1999	6,079,320,283

With a growing income, DD broadened its constituents beyond Gunung Kidul, spreading all over Indonesia, especially in Java and Sumatra. DD provided not only cash grants but also various “products” such as scholarships, medical allowance, disaster relief. In the first three years, disaster relief assistance, in addition to other grants for consumption needs, was DD's main disbursement. However, since early 1995, in accordance with DD's internal development, new approaches were adopted by providing productive assistance such as micro-credit and small enterprise development, and agriculture development assistance.

DD Programs

Generally there are three program categories run by DD—economic development, human resource development, and charity.

Economic development

Within the economic development program there are three main areas—micro-finance, agricultural development, and small-scale enterprise development. In implementing this program DD built a network of around 59 organizations across the Indonesian archipelago to engage in a triangle cooperation based on the Islamic system of Shariah, through the so-called Baitul Maal wat Tamwil (BMT). BMT is a cooperative institution that serves as an “all-in-one” financial institution, producer and social organization. In addition to delivering financial assistance DD jointly works with the Bank Perkreditan Rakyat Syariah (BPRS) or the People Credit Islamic Banking, that evolved a profit-loss sharing set-up. Since 1993, DD has established alliances with no less than 40 similar banks. To support the program, DD instituted a regional forum, called the Shariah Economical Forum (FES), as a representative of DD. FES' main role is to create synergy between DD itself and the BMTs. No less than 12 FES have joined the DD network, representing various geographical areas, e.g., Sumatra, Java and other remote parts of the region.

The agriculture-related business provides agricultural produce at a reasonable

cost. For example, running a rice huller assures production continuity and price stability. DD and other partner NGOs provide seed capital and a revolving fund.

Human resources development

DD adopted three HRD models. The Best of The Best Program (BBP) scouts for talent and selects university students for fellowships and internship programs. By October 2000 as many as 300 students had received BBP fellowships, with total disbursed funds of around Rp. 1 billion.

DD links up with families interested in becoming foster parents, to enable orphans or other unfortunate children to pursue their education. Prospective donors can either directly support the children in need or they can channel the funds through DD. In the Partnership Model, DD offers scholarships to prospective students through DD's partners (BMT) and other financial institutions.

Charity programs

The charity program provides health services, ranging from medical operations to hospitalization, by cooperating with many hospitals and getting a number of doctors and paramedics to work as volunteers. The most needy families, widows and orphans, are all eligible for a small regular allowance. On the other hand, people in debt or facing urgent financial obligations, and musafir (a traveler—some one away from home and in need

of help) would normally receive a living allowance.

DD provides relief aid to victims of natural disasters such as earthquake, flood, volcano eruption, or social riots. In the past, DD released several charity “purse programs” through *Republika*, such as Purse for Liwa, Purse for Banyuwangi, Purse for East Timor and Purse for Aceh. Other forms include the dissemination of qurban (sacrificing meat³). It is called Tebar 999 Hewan Kurban and is held annually. The fund comes from the collection and distribution of qurban meat normally originating from the rich. The donations in the form of qurban meat are distributed to anyone eligible for it across the country. Today, the total qurban distributed reached 14,749 heads of goats and cattles.

DD's activities broadened rapidly. Organizationally it also expanded. In the beginning, Eri was supported only by a bookkeeper, while he was also the *Republika* editorial secretary. By 1995-1997, DD had four divisions—namely a social division, public relations, fund raising, and a specific programming division, the Baitul mat wa Tamwil (BMT), and a micro-credit programming division. In 1996 DD's office moved to a separate building owned by the foundation. By early 1998, Eri had transformed the fund raising division to a marketing division, to do both fund raising and promotion activities.

Fund Raising Strategy

A sound fund raising strategy was urgently needed for DD to meet the growing demand. The fund raising objectives were to enable DD to be more proactive in approaching donors and maintain the donor base in a more systematic way. Therefore, once again, DD changed its institutional structure. In 2000, the Marketing Division became the Fund Raising Directorate with two divisions—Corporate Marketing and Retail Marketing, each led by a manager. Juwaini, the director for fund raising, noted: “This new structure will focus our marketing strategy. Each division will concentrate and focus on a different market segment. The corporate division will handle institutional-based fund raising, while the retail marketing division will handle and focus on individual or personal donations.”

DD also developed a donor profile. DD donors typically were from the middle-class, of productive age (25 to 35 years old), with a relatively good understanding of Islamic teaching, but not affiliated with an Islamic group. Their occupations varied—professionals, business owners, government employees, as well as housewives.

Based on the profile, DD’s sales force then concentrated on certain places where they could offer DD’s programs. They went to public events (seminars, workshops, exhibitions) or to workplaces such as banks, government offices, and the like. Baseline information came from profes-

sional associations, residential clubs, or social organizations such as the Indonesian Hajj Brotherhood association. DD also segmented its target groups based on financial ability, i.e., monthly income. Currently, there are two income categories—up to Rp. 5 million/month and those with more than Rp. 5 million per month. For the higher income prospects, DD provides them with special events such as music concerts, painting exhibitions, social auctions, and the like.

“We always try to find new and innovative ways for fund raising,” said Juwaini. The most recent method that DD implemented was the matching gift where some corporations agreed to donate part of their income based on transactions to DD. “This is an example of the corporate marketing division’s program.”

DD’s fund raising strategies are:

1. **Direct Mail**

To promote its programs and activities, DD’s marketing staff often attend public events such as seminars, workshops, among others, to distribute DD’s flyers and brochures. DD provides qualified staff to act as resource persons to discuss the details of ZIS. DD then does a follow-up by sending out letters. “The most effective events, however, are the ones that we organize ourselves as it also helps to grow our prospect database,” said Juwaini. “We send more than 1,500 letters per month, but in certain times, especially Ramadhan—the fasting month—we send many more as this is a peak time for Muslims to

donate. In the last Ramadhan, we sent around 25,000 letters of which about 5-10 percent positively responded. From that period alone we raised around Rp. 2 billion."

Juwaini added: "At other times, however, out of about 50 letters we send each day we'll get one to two responses only." Nevertheless, despite the relatively little success rate, DD still continued the direct mail campaign because DD felt that it was cost-effective. "We allocate fund for this around Rp. 750,000 per month and in average we raise Rp. 3 million a month. Every donor donated around Rp. 100,000."

2. Media Campaign

From the start, DD believed a communication and promotion strategy was a key factor in raising public awareness and to improve the public's motivation to give, and in customizing the services. The strategy tries to build trust among the prospective donors and convince them that DD is the right place for them to give their alms.

In addition, whenever DD organizes a public event, DD hands out other information packages—brochures, banners, and stickers. Printed brochures are intended to promote the foundation and its activities and to provide the prospective donors with a convenient donation form. Both printed and electronic media are intensively used, in addition to face-to-face communication.

► Printed Mass Media

Parni Hadi, DD's founder, once said: "Donors need a trustworthy institution for their donations. DD was trusted for that purpose for several reasons: its sound programs, its financial management transparency, and its professional staff who run both the institution and the program. Then they, the donors, feel that their giving really was meaningful."

To maintain transparency DD routinely reports the use of all donations, mainly through *Republika* daily. Every week *Republika* dedicates at least one-fourth of a page to DD reports. The weekly information reports on the amount of funds collected and its use and the cost of certain project activities of DD. In addition, the more detailed report also appears in *Pendar*, DD's magazine, published since March 1998, with a circulation of 15,000 copies. Furthermore, for the summary of the audited report and the annual financial report, DD also publishes an announcement in several other public media (such as *Kompas*).

The other objective of the media campaign is promotion. "In order to reach the proper target group we carefully choose the media. Our main variables to determine this are readership, circulation, and their position in the public, and cost. Based on these criteria we used *Adil* and *Tekad* weekly in addition to *Republika* as another DD main promotional vehicle."

The three abovementioned publications were selected because they were

widely read mainly by Muslims, DD's main target. Altogether these three news media reached around 300,000 readers, mostly middle class, with relatively high incomes. Historically, all the three media organizations are closely linked to DD as they are founded from a related business group.

► Electronic Media

Television broadcasting is an effective medium for fund raising as well as for brand image building. However, television program cost is high. Therefore, DD offered a joint program with Anteve, a private broadcaster, called *Mutiara Subuh*, a weekly morning talk show. The program runs every Saturday at 5:00-6:00 a.m. DD prepares the weekly topic, brings in the speakers and pays them. Anteve contributes the air time. The topics focus on almsgiving and community development related themes. Meanwhile occasional programs are also aired with another broadcaster, SCTV.

Juwaini pointed out that radio proved to be just as effective a communication and promotion channel as TV, especially as radio programs are well segmented. "It was easy for DD to choose which radio stations had the market segment similar to DD's target, who are the upper and middle income Muslim listeners, specifically for Jakarta area. There are three main commercial radio stations currently used by DD, i.e., the At Thohiriah FM, the Muara FM, and the Radio Delta FM."

To reach a wider audience, includ-

ing those who live abroad, DD provided an internet-based communication channel. It maintains a website with an e-mail address. However, as a new medium, DD can not yet assess how effective this channel is.

3. Membership

DD developed a membership card called KartUkhuwah (KU) literally meaning "brotherhood card," in cooperation with a commercial bank, the Bank Muamalah Indonesia (BMI), whose main market target is the Muslim community. The KartUkhuwah serves as an ATM card at BMI once someone has registered as a DD donor. At the same time, this "smart" card is also a discount card for shopping. Finally, once someone registers as a donor member then his or her donation to DD is automatically deducted from his or her account. The bank would then send it to DD.

To provide the donor with options, there are three different membership card categories based on the donation: the Pratama card for a monthly donation of Rp. 25,000; the Prima card for a monthly donation of Rp. 50,000; and the Eksekutif card for monthly donation of Rp. 100,000 or more. In addition, there is a general agreement between DD and the cardholders that the fund is to be divided at 50 percent for zakat and the other 50 percent for their infak and sadaqah.

DD also issued another card called Kartu Peduli or Care Card. The Kartu Peduli holders are still eligible for the dis-

counts but not for the bank account and other ATM functions. This card is a gift to donors and they do not need to register. As of August 2000, there were over 5,000 donors, both KartUkhuwah and Kartu Peduli holders.

DD arranged with various merchants to give certain discounts for DD donor members. Currently, there are 22 companies that grant a 5 to 25 percent discount. In addition to this privilege, cardholders are put on the priority list for any events that DD or *Republika* organizes such as seminars, trainings, etc.

From the membership system, the KartUkhuwah model, DD collects around

Rp. 25 to 30 million per month. However, despite the relatively small amount it is a stable fund source for the foundation. It also provides more information and confirms donor data, such as growth and mortality rate. The important thing with this approach, Juwaini said, is that DD is now able to plan fund raising programs better with the steady flow of funds from the registered donors.

The companies include restaurants, bookstores, publishing companies, hospitals, boutiques, consultants and workshops (Table 2.1).

4. Corporate Fund Raising

According to Juwaini, corporate-

table 2.1

List of Companies Joining KartUkhuwah Program	
Business Area	Companies
Health Services	• Agung Hospital
	• Al Islam Hospital
	• Mitra Mata Clinic
	• Tunggal Optician
	• Mitra Keluarga Hospital
	• Menteng Abadi Hospital
Book Store/Publishing	• Mizan
	• Gema Insani Press
	• Wali Songo
Restaurant	• Ponyo Restaurant
Boutique	• Alfira
	• Shafira House
	• Ranti Busana
Hotel and Travel	• Sofyan Hotel
	• Kamilah Wisata
	• Raudha Rahma Abadi
Consultant (Accounting)	• Azma
Education and Recreation	• Farabi Music School
	• Arus Liar
	• BJ's Rafting
Laundry	• ProClean
Workshop	• Hang Tuah

based fund raising originated with DD's founding. However, it was systematized after 1997. The constraint was that DD's relationship with private corporation management and key persons was limited. Consequently, DD in the early years depended on an individual approach. The focus was to identify which corporation had a social program and a social fund allocation. Juwaini said: "As we did not know much then, our first entry point was through employee group activities. As we know, most of companies in Indonesia have some kind of association with religious activities, especially Islamic activities. We came in through the employee associations. We began by providing them with speakers or spiritual teachers. We usually discuss with them specific ZIS themes. From such activities we started to get in touch with the management."

DD's Corporate Marketing Division then followed up by submitting proposals for jointly managing the respective corporate's social fund or its employees' ZIS. "Normally we offered a program that would benefit the corporation in their image building. We also offered them a mass publication. For every program we always include a launching activity with mass media coverage. To get coverage we invited respected persons, or certain public figures such as artists."

From these corporate-based activities, DD raised between Rp. 500 million to Rp. 1 billion per year.

There are three different joint activity models that DD applies with corporations:

► Corporate Zakat

DD offers a joint program to manage any corporate *zakat* or social fund, or its employees' ZIS, parallel to its own early history when it managed *Republika's* employees' ZIS. DD accepts either all or part of the collected fund. Currently, according to Juwaini, at least 62 corporations have an agreement with DD, such as PT Rekayasa Industri and PT Mitsui Marine. The fund from corporate *zakat* ranges from Rp. 50 million to Rp. 100 million per year.

► Supporting Specific Activities

As an alternative to general contributions, DD offers specific social activities such as fellowships, foster parents, or any kind of charity, funded through the corporate social fund. API (Asosiasi Pertambangan Indonesia or Indonesian Mining Association) and Pertamina (national oil company), for example, donated Rp. 100 million and Rp. 10 million respectively to support DD's fellowship program. "We were independent and flexible in managing the fund. We recruited the students, selected them, monitored and evaluated them," said Juwaini. PT Internusa, an export-import company, contributed to one of DD's agricultural projects in Lamongan, East Java. The fund was Rp. 25 million, used to buy rice hullers for the farmers.

► Matching Gift

Through this arrangement, a participating company puts aside a part of their direct income for DD. PT Dunkindo

Lestari, a doughnut producer and seller, puts aside Rp. 100 from every transaction in all its outlets for DD. The arrangement was initially made for a two-month period. The fund collected is used for DD's human resource development program. DD plans to continue with the "discount month project" whereby Dunkin Donuts counters would give buyers a discount, and then donate the discount to the poor through DD, instead of giving it to the customers. DD has a similar arrangement with PT Mustika Ratu, the cosmetic producer, which started November 2000. The company would put aside Rp. 5 out of each item sold for DD's education program. "We are now in the process of negotiation with some other companies such as McDonald's, Wendy's Restaurant, Hero Supermarket, Matahari Department Store, Eva Airlines, among others," said Juwaini.

5. Special Events

According to Juwaini, special events tap donations not related to religious motivation alone. DD organizes special events on special moments, such as the Independence Day celebration, fasting months, Idul Fitri, and the like. The events include music concerts, painting exhibitions, auctions, or public seminars. Whenever there is a natural disaster, such as a flood, earthquake, famine, DD also runs specific "Purse for Care" programs in addition to its daily Purse for the Poor program. "The special event is a good avenue for meeting such needs, as normally we are able to generate a reasonable amount of funds in

a very short period," noted Juwaini.

DD's corporate secretary manages the special events. For bigger events and complicated activities, DD asks professional organizers. DD asked SKEMA (Seni Untuk Kemanusiaan, or Art for Humanity) foundation to hold a "Social Night for Moluccas Riot's Victims," as it involved various activities such as a music performance, painting auction, and movie viewing. The event was organized on January 17, 2000, and raised as much as Rp. 580 million. Some other special events that DD organized included a multi-event Bankit Bangsaku (Stand Up My Nation), at Tri Sakti university campus, (February 2000), a music performance in Singapore (April 1999), and the Music Care Concert (July 1999).

Special events not only generate funds but also promote and build DD's image to a wider public. In September 2000, for instance, jointly with HIPPI (Himpunan Pengusaha Pribumi Indonesia or the Indigenous Indonesian Business Association) DD conducted a national seminar on the newly-promulgated Tax Act and its relation to the Zakat Act. "We told the business community that, according to the new laws, corporations that donate part of their income will be eligible for a tax holiday, and we hoped, in turn, the number of corporate donors will increase," said Juwaini.

New Challenges

On July 2, 2000, DD celebrated its seventh anniversary. As the institution and the programs swiftly grew, so did its challenges. Parni Hadi, the founder, directed his team to improve DD's professionalism as a kind of general-purpose foundation. He stressed the adjustment of its existing divisions' activities, but he also created another one with a longer-term perspective, a research and development (R&D) division. He envisioned that this division would serve other divisions with new ideas and approaches, and would develop relevant databases for DD's clients. "We started this division by creating a special library on community development and care subject," Parni added.

In addition, Parni also wanted to improve DD's internal human resources, by recruiting new staff with higher qualifications (masteral degree holders) or by upgrading the existing ones. "Two of the current DD managers are master degree holders, and we encourage the other two managers to start their master program this year," Eri Sudewo added.

Recently, the government enacted new laws, Law No. 38/1999 on Zakat Management, and Law No. 17/2000 on Income Tax. Both laws provided clauses that granted both the corporation and the individual who paid zakat tax holidays. Zakat, based on the laws, is tax deductible. "Even though it will only be effective by the year 2001, these laws definitely will encourage people and corporations

to pay zakat as they will get the incentive, not to be burdened by double payment, tax and zakat," Juwaini noted.

Consequently, he estimated the number of muzakki (capable zakat payers) would increase. "From our survey, in Jakarta alone, the number of muzakki is around 2,000 persons. However, the number that we were able to cover is only 25,000 persons. This mainly is related to trust as to whom they will pay the zakat to."

DD plans to set up a sister organization focusing on the (corporate) zakat management. Recently, DD established a new institution, Institut Manajemen Zakat (IMZ or Zakat Management Institute). Its mission focuses on research and development, and to provide training and consulting services on zakat management matters, in addition to specific publication (journal and book). ▀

Notes

- 1 The minimum requirement for someone to pay the *zakat* is if he/she holds yearly savings equivalent to 85 grams of gold.
- 2 There are two types of Islamic charity. There is zakat, which is obligatory, and is the right of the poor over the wealth of the rich, which amounts to 2.5% of the year's savings. The word "zakat" itself means "purification," and the purpose is to purify legally earned wealth. The other is sadaqah, or voluntary charity, which depends on need and the amount of excess wealth. Infak is basi-

cally the same as sadaqah but used as dedicated by the giver.

- 3 The act of sacrificing animals is part of an annual ritual practiced by Moslems especially those who are performing the pilgrimage (Hajj) to Holy Mecca. The sacrifice is an obligation—of course for those who are able—whether or not they are performing Hajj.

Case 2

Yayasan Mitra Mandiri (YMM) Mitra Mandiri Foundation

History

For 11-year-old Ujang and his other friends who worked as “horse-cart coachmen” in Majalaya, Bandung, school was very expensive. Coming from low-income families, they were forced to spend much of their time looking for money to feed their families. They waited for passengers in the early morning and then carried them back home in the late afternoon.

Nevertheless, some sought education, and they received it from Yayasan Lima Bandung, which offered them informal schooling. After their work, in the daytime or in the afternoon, they came to a house where they learned to read, write and count, and obtained other kinds of knowledge. Besides reading and writing, they learned skills like mounting pictures, making posters or printed images, even making banana jam. They could use these skills to earn more money. This school grew and was no longer restricted to “horse-cart children” but also included street children.

Yayasan Mitra Mandiri (YMM) supports this educational program dedicated to the welfare of the poor. YMM, a foundation led by Atie Wardiman, collects funds to finance several kinds of social work, particularly in the field of education, health and welfare.

Atie W. Soekandar, the chairperson of YMM, said: “We choose a program that is dedicated to support education, health and prosperity development, as we find out that these three sectors do not get enough attention so it does not reach the lower parts of society. We need innovative solutions to overcome several social problems that stem from the traditional approach our government has been using, such as giving them subsidies, for instance, that increases dependence and kills creativity. We must help the children to develop a sense of independence. Well-organized activities on health, education and prosperity programs will surely build their sense of independence.

“With our country’s severe economic condition, because of the terrible crisis right now, it is almost impossible to expect the government or society to fully finance all the social programs. Therefore, business professionals must take part in providing assistance and in problem solving. Their contribution is not just in rupiahs only, but it can be through networking, skill building and volunteerism.

“The most important thing is to assure business that we are capable to manage aid that they give with professionalism and transparency and to deliver that aid

to the right persons. In this context, YMM is positioned as an intermediary for enterprises or related NGOs.”

Soekandar is both a founder and the chairperson of YMM. She was an associate professor in the medical school of Padjajaran University and was also chairperson of Pantara Foundation, a social organization to help children who suffer from autism.

Yayasan Mitra Mandiri (YMM), established on October 24, 1995, dedicates itself to encouraging business corporate awareness of and participation in solving social problems that occur in society. This foundation raises funds from private enterprises and banks.

YMM is affiliated with United Way International, an American grant-making institution dedicated to empowering communities all over the world. Since its founding 26 years ago in the United States, UWI has created branches in more than 30 countries. One UWI fund raising technique is the “withholding facility provision,” a technique familiar to American enterprises, that regularly hand over their money to UWI. In the 1990s, UWI saw American companies in Indonesia as a potentially enormous funding source.

UWI approached some companies, government officials, respected community figures and NGO activists in Indonesia. Two years before meeting YMM, UWI representatives contacted Rilantono L. Rilantono, the chairperson of Yayasan Kesejahteraan Anak Indonesia—the In-

donesian child welfare foundation. Rilantono has been actively involved in NGO activities since 1974. UWI also contacted other people to join the board.

Rilantono herself explained her reason for establishing UWI in Indonesia: “I think their concept is good. They try to stimulate multinational companies’ awareness on social problems. They even persuade company employees to take part in holding social events. We can expand such a concept by involving our national enterprises here. We want foreign companies to be just a small portion of our funding sources. Our local corporations should play the greater part.”

Rilantono then met Tanri Abeng, a respected entrepreneur and a former minister, and asked him to join the new organization. Abeng suggested recruiting public figures. He said: “Initially, UWI proposed to recruit some of the ministers’ wives, but I disagreed because they did not match the job’s needs. They are too busy to keep up with community development issues.”

Rilantono also admitted that it was not easy to attract public figures to join the new organization given their tight business schedules. It took Rilantono one year to complete the UWI board membership.

“With an intensely personal approach, I finally got some key figures to join. Among them are Atie W. Soekandar (chairperson of Pantara Foundation) Biantiningsih S. Djiwandono (Ford Foun-

dation consultant), Anne Parapak (housewife), Astary Rasjid (artist) and Fahmi Alatas (a TPI director). Among the business professionals are James T. Riady (Lippo Bank) and John S. Karamoy (President Director, Pt. Medeo). Among the bureaucrats are Surjadi Soedirja, a governor of Jakarta at that time.

“We also sought some expatriates for the board. Their presence here has a purpose—to enlarge the network among other expatriates in Indonesia. Among them are Louis Clinton (PT. Freeport), Ron Wilson (PT. Mobil Oil Indonesia) and A.N. Crownover, Jr. (CEO, PT. Esso Indonesia).

YMM Chairperson Soekandar stated: “Honestly, I was doubtful about the success of this foundation considering that there are many well-established foundations in Indonesia. I also felt pessimistic that the board could perform all the programs because they are so busy with their own jobs. Nevertheless, taking account of our typical activity that emphasizes fund raising, I think we still can do much with the system and mechanism and backup that UWI offered us. We still can learn more about fund raising from UWI and avoid being identified as a ‘great beggar.’ We also can learn how to give out the funds properly so that the program we finance succeeds.

“With all the spirit and desire to empower society, we are committed to establish Yayasan Mitra Mandiri as an affiliate of UWI. Even though we are UWI’s affi-

ate, we decided to use the Indonesian name instead of UWI’s symbol as is done by some countries.”

At the time YMM was established, there was no indication that Indonesia would suffer from a monetary crisis. Thus, the corporations represented large potential sources of funds. Unfortunately, it was difficult to solicit funds from the large national and multinational companies. Soekandar noted: “They tend to give their money to foundations with direct connection with Cendana (affiliated with then Indonesian President Suharto and his family) or a foundation owned by a particular official. They also do it for certain purpose.

“On the other hand, foundations or NGOs outside Cendana that have excellent projects cannot get funds from companies. They cannot get close to the large companies because they do not know how to contact them or identify which companies to go to. Also, NGOs hate taking money from certain companies that appear ‘dirty’ and insincere to them. We would like to become a mediator between NGOs and the large companies.”

According to Soekandar, in the first years of YMM, UWI delivered in-house training and YMM performed the operational tasks. UWI also invited the YMM board to meet with all their branches and networks throughout the world. As their affiliate in Indonesia, YMM was only required to pay yearly dues worth US\$200 and to submit an annual report on YMM’s

accomplished activities. UWI's name allowed YMM management to more easily approach national and multinational companies, particularly American ones. Soekandar said: "Their help in making connections and network access to those companies is something money cannot buy. This network really creates a bridge to the people we want to get to. UWI also provides helpful information on which companies can potentially donate in large amounts."

The foundation's initial operating capital came from three foreign companies: Freeport, Esso and American Express. Each contributed US\$50,000 over three years.

"We ask our donors for their agreement on fund use. If the fund is for a specific program it means that all board members should spend money together for the foundation's operational expenses. Two local members, Tanry and James Riady, are committed to contribute US\$15,000 and Rp. 100 million respectively. They trust us to manage their donation. We use the donation to set up the board and cover the foundation's programs and promotion expenses."

Moreover, YMM also listed program operational expenses in every project proposal they made. YMM gave the option to the company to choose whether they wanted to finance the entire budget, including the management salaries, or they could give 10 percent from the total donation as additional cost and trust YMM management to spend it on operational

expenses. YMM never marked up the budget for running the project. Soekandar explained: "Occasionally it is the company itself that is pleased to provide more than the budget, for instance, when City Bank spent Rp. 180 million to build the school in Bengkulu. They also spent 20 percent of the budget to cover the programs' operational and institutional fees."

In the first year of its founding, YMM's activities emphasized empowering the foundation and socializing it toward companies and NGOs as its future working partners. The foundation invited these persons and groups for breakfast meetings and asked them to participate by donating their money. The acceptance and selection of new program proposals started in 1996, while the distribution of the funds took place one year later.

Board of Directors

According to Soekandar, in the initial years, the board of directors was fully involved in the operational management of the foundation. They did not only assist in seeking funds, but also performed other tasks that should be handled by the executive director. For instance, the assessment process was in the hands of Bianti, Anne Parapak and John Karamoy. They were also monitoring and evaluating NGOs and the programs in regional areas.

"We are doing this to learn more about the system applied by UWI as well as to observe directly if this system works. We only have one salaried professional

who acts as the executive director and who assists the chairperson.”

The board had one chairperson, assisted by two deputy chairpersons. The board also has one secretary and one treasurer. Each vice-chairperson and the treasurer also supervise three committees—the program committee, the fund raising committee, and the membership and nomination committee. In performing these tasks, the directors are assisted by two members.

The program committee is responsible for selecting and evaluating the programs proposed by YMM’s NGO partners. The fund raising committee handles the program funding as determined by the program committee, and also gives its recommendation about companies eligible for partnership and suggested contact persons. Soekandar explained: “To make fund distribution more transparent and controllable to donors, the board invites the company’s executives to sit in the board. The membership and nomination committee recommends them. This third committee also has the authority to recommend other public figures that are eligible to sit in the board. We want people who have good connections and a wide network and a strong commitment to support the foundation.”

Despite a three-year board replacement schedule, until the second period, from 1998-2001, the structure of the board membership remained the same. Louis Clinton, for example, who was previously a board member, now replaced

James Riady as treasurer. James Riady took the position of vice-chairperson replacing Luly Rianto. “And I am myself managing the board during the two periods of reorganization,” Soekandar added.

Soekandar admitted that not all the members of the board were heavily involved in managing YMM: “They are mostly from companies that are YMM donors. Due to busy schedules, all they can do is to give donation and to do a little networking. For instance, when we attempt to approach somebody, they help in negotiating the partnership.

“Usually, when the board members felt that they could not keep up a regular commitment with the organization, they resigned. The membership and nomination committee then recommended other names as candidates for vacant positions. In spite of busy schedules, the board members at least can attend the board meeting held every three months.

“To set up the meeting, we first contact each member and confirm the convenient time and appropriate place to hold it. Then in the last meeting, all three committees assemble in the full board meeting to deliver the report on their activities. We will decide activities to undertake during the year. In the meeting, the full board also listens to the executive director’s report on programs accomplished. The full board will then determine what YMM projects will proceed for the next year.

“Besides the routine agenda, each committee will have their own meeting

focusing on issues they can handle. This meeting formally takes place before the board meeting in order to consolidate programs that will be proposed in the board meeting. The board management group consists of a chairperson and a vice-chairperson, a secretary and a treasurer. They also have a monthly agenda of meeting for discussing the foundation's daily operational tasks. All organization staff including executive director, executives and personal and general affairs staff attend this meeting."

The Board's Role in Fund Raising

The organization does not receive direct donations from board members and there is no membership fee. Their contribution, Soekandar said, was that "they exactly know what each company demands. Through them, we also get familiar with key persons of those companies." She said:

"Let us say Mr. Tanri asks YMM to forward a proposal to his Bakrie office. Other members informed us that City Bank has City Bank Peka Peduli Dan Berkarya—cares and creativity program. We offered them an opportunity to fund a similar program generated by our NGO partner. We succeeded in convincing them. We will get them involved next year.

"Nevertheless, we believe that no single company will put their blind trust on us only because of UWI's well-recognized image. They will keep on observing the community's interest in our proposed

programs.

"The board can network, give information, potential skills or even physical support. Astari Rasjid, for instance, one of the board members, is popular among artists, and raises funds through her talent and popularity. She always uses her painting exhibitions as a wonderful way of introducing YMM and is also a moneymaking opportunity."

According to Tanri Abeng, "I take an active part in YMM board. We can cooperate in social works or public services instead of just business matters. If there is anyone from YMM coming to Bakrie for help, then we help him." James Riady and other board members also do the same thing.

Relationship between Board and Staff

"Because of the board's many activities, we found out that it was impossible to conduct all our daily operational tasks. We then decided to leave these tasks to our staff. Nowadays, the board only determines general policies. We recruited one person in the beginning, because the activity did not require much handling. He was the executive director in charge of implementing the board policies."

In 1997, YMM added two additional staff—the executive secretary and general affairs secretary. Soekandar said: "By adding more staff, the board expects the executive director to play a more significant role for the organization. The board now

only gives approval on programs proposed and also helps in fund raising. The executive director recommends the companies and people that we should see.”

Gino Latief, Sn., the executive director since early 2000, said: “Compared with other organizations, YMM probably has less staff but a more effective management. All operational costs and overhead will not exceed 30 percent of overall expenses. Staff slenderizing can do this.”

In performing daily tasks, all the staff are responsible to the chairperson. They are also field workers who work on board policies. As the staff coordinator, the executive director is in charge of action and strategic plans to be approved at the board meeting. He also acts as the vice-chairperson of the board, representing the organization in external affairs. He liaises with NGOs and companies and accepts invitations from different institutions.

The executive director had the authority to suggest to the board what programs to implement. The suggestions come from the internal staff or from project proposals made by NGO partners. The executive director receives and selects the project proposals and then sends them to the program committee for further review. He also recommends companies that might become YMM working partners. The suggestions then become a topic in the program committee’s discussions with the fund raising committee.

The executive director can recommend projects. For example, in October

2000, the executive director suggested that YMM get involved in raising funds for the Bengkulu earthquake victims.

The executive secretary and general affairs secretary help in the daily tasks. The executive secretary is responsible for administration and secretarial duties while the general affairs secretary prepares all the organization’s daily necessities. Latief said: “Due to small staff capacity, we double up on some positions. For instance, the executive secretary also takes care of financial matters and the general affairs secretary occasionally acts as a researcher. We ask him to collect data or reports that we need.”

Fund Raising Activities

Soekandar said: “YMM decided that operational and program financing targets should be 75 percent from the company, and 25 percent from special events. With intensively personal approach carried out by the board, we have already made several partnerships. By the end of 1999, five companies decided to give block grants, while the rest gave in-kind and supporting specific activities (designated donation).”

To realize the 2001 program implementation, YMM obtained a commitment from a number of companies. Soekandar explained: “Among 26 companies within national and international perspective, 12 of them are positive and are waiting for our program proposal. For example, we have PT. Aqua, PT. Dewater, BCA, BNI, LIPPO and Barrie

Brothers. Most of them will give in-kind and designated donations.”

To finance the program, the funds received by the foundation comprise long-term and short-term categories. “For long-term programs, we request that a company fund the program over three to five years, to cover both program and operational expenses,” Soekandar said. “We can employ different strategies. For example, after counting the funds requested for long-term projects, we share the amount among several companies. The amount depends on the company’s capacity itself and on company’s eagerness respectively. In this respect, we do not restrict them to give in cash. Donations could be in kind or by voluntary participation.

For short-term projects, the company usually has a designated donation, and provides funds based on its budget. “For example, if there is a company that desires to support the street kids program, we offer them two programs concerned with street kids. We let them choose which program they want to get. We show them the budget required. It completely depends on them. If they prefer to contribute skills, we ask their employees to deliver 12 hours training over one year to the foundation.

“For operational office management, we feel free to welcome anybody to become our partner. We tell them frankly how much money we need to operate our office for one year. For corporate business, they can choose whether or not they want help in the program and operational of-

fice management.

“Therefore, there are funds directly managed by YMM. The corporation donates money and trusts YMM to manage it. They only receive a report on expenses and outputs of the program. Alternatively, YMM can act as the liaison between the corporations and related institutions to manage their donation.”

Dealing with Corporations

“In Indonesia, it is rather difficult to maintain contact with corporate executives since they are so busy with their schedules. That is why we take advantage of having a board member in YMM. They give inputs about names that should be listed. Therefore, we know the right person to be contacted. Before our visit, usually the board confirms to the corporation that we want to make a visit.

“To anticipate failure, before we contact them, we must have the proposal well designed. We also prepare complimentary fund raising or promotion kits containing the YMM profile, booklets, brochures or leaflets for them to become familiar with YMM. Then we meet to make the presentation of our project proposal. The presentation usually takes place in their office or at another appointed place. We rarely find trouble in communication with corporate executives.

“YMM also invites them for a sumptuous breakfast or dinner with our board executives. This occasion is informal so that they do not realize that they will

become a part of our campaign. They feel honored to join because the invitation comes from highly respected business figures such as Messrs. Riyadi, Tanri Abeng or Clinton. In this informal session, the board executive explains YMM and its programs. Even though we do not receive straight contribution immediately, we enjoy getting their commitment to support YMM. They tell us to contact them if there is a good program they could support.

“We will act on any information we receive straightway. The executive director usually knows which corporation to visit. The company becomes our first priority if it already has good relations with UWI, and if it is already a donor in the United States. We get US, Australian, and Canadian enterprises.

“For instance, we approached Sidemen’s, a European giant that does not know YMM. And we made it. They gave us a commitment to help in funding our programs next year.

“For locals, our priority goes to ones that are well known with UWI. Lippo and Bakrie, for instance, brought their funds to us and one of their top executives with good relations with UWI is now sitting in our management board. For other locals who do not know UWI, companies whose leaders are familiar with us are our main concern.”

Example of Corporate Support

Soekandar said that the block grant appears to be the major model. For example, in 1995, YMM received funds from Esso, Mobil Oil and Freeport, in stages over three years.

“In the first period, Esso and Mobil Oil gave US\$20,000 to be followed by US\$15,000 in the next second and third periods; while Freeport donated US\$150,000 in the first and second years, and the rest of the total amount (US\$20,000) was brought in a year later. American Express is another foreign company that delivered block grants to YMM. This US-based enterprise donated funds worth US\$10,000 in 1998.

“Locals like Lippo Bank and Bakrie Brothers also made significant contribution through block grants funding, the two national private corporations donated their money just as YMM started. The funds brought in by the two companies were US\$15,000 from Bakrie and Rp. 100 million in cash from Lippo Bank.”

According to Soekandar, corporate donors usually trust YMM to manage their funds: “This fund will go to the program and to cover operational costs. The most important thing is that the fund should go through our independent audit. Thus, we do not take operational costs out of program cash and our progress absolutely depends on the existence and non-existence of the programs.”

One of the largest in-kind donations YMM has received was the office space fa-

cility provided by American Express in Gedung Graha Activa, Jakarta. YMM has been using this facility since 1996 and Amex pays the rental cost of US\$5,959.

YMM received support from Expand, a US-based multinational mining company. Expand sent its auditor to assist in auditing YMM's financial reports. They sent an auditor to assist YMM in a project in Ruteng. This energy source company also provided airplane tickets for the auditor and the YMM executive to observe the project. YMM received this auditing support until 1999. After that, Price Waterhouse Coopers, an independent US-based auditing company, has assisted YMM with a free audit for publication to UWI, the partner corporations, YMM's NGO partners and the community.

In order to print brochures containing the foundation's profile, YMM also had in-kind donation from Grassindo and Bakrie Brothers. Grasindo, a publishing company, helped YMM with Rp. 7 million for 10,000 copies of YMM brochures. Bakrie Brothers supplied books.

"Designated donations were usually raised for incidental or short term programs. For example, in the beginning of last October, we raised funds through several companies and individuals in order to support a humanitarian program after the Bengkulu earthquake tragedy. We sent faxes to some 20 companies that we recognized and requested them to participate in the program. We explained to them that we were searching for financial aid to help the earthquake victims. Then we coordi-

nated with an NGO capable of executing the program properly. We also built partnerships with Badan Swadaya Bengkulu (Self-Supporting Based Organization of Bengkulu) with its Jakarta office to distribute the donation.

"The fund collected reached Rp. 30 million, raised from five companies and 10 individuals. At the donors' request, we spent the cash to buy things. They suggested medical necessities and clean water. We bought 350,000 liters of fresh water. We also sent medicines along with medical staff and physicians for free.

"Another program was to rehabilitate broken school facilities. We asked City Bank to join the program. They donated Rp. 180 million and visited the school. Out of four schools, we agreed to build two of them. One of the conditions of our donor was that it must be located in a lower income community. Then we entrusted Yayasan Sasmita to implement the project."

In another instance, when the Amex management decided to undertake social work dedicated to street children, they chose YMM to coordinate the program. The program was to watch the movie "Petualangan Sherina." YMM called Dian Mitra, an NGO working partner focusing on children development activities, to help with the job. Besides taking the children to the movie and have a free meal afterwards, Amex also gave away school stuff like writing boards, chalks and books.

YMM has held only one special event, a painting exhibition in 1997, at the Four Seasons Regent Hotel to display Astari Rasjid's paintings at her initiative. On that occasion, Soekandar introduced and explained YMM to the audience of mostly business professionals and public figures. The event generated a good response from the audience. One firm directly handed in Rp. 50 million while others made commitments to donate as well. "We were in astonishment to witness that this program worked on gaining large amount of rupiah.

"YMM will take this kind of fund raising effort seriously through more special events starting next year. The board prepared a series that may gain more donations. Besides painting exhibition and an orchestra show, we also plan a golf tournament. The financial support is expected to come from businesses and public figures."

Latief said that the donors do not directly donate to the NGO in spite of their trust in YMM. He added: "They should consider any responsible NGO for program design and implementing activity. The NGO as an executor should have good management capacity. We must be assured that both the program and the executor can be trusted.

"The main obstacle does come from NGOs. They are unprepared for good fund management. First of all, the proposals they initiate do not list the appropriate budget and do not meet general requirements. For example, the budget may not

be realistic and the target implementation is not clear. Besides, it is difficult to design a program that is sustainable that emphasizes community development.

"Therefore YMM also assists in building the capacity of its NGO partners. YMM delivers an invitation of management training to some NGOs. YMM also sends professionals to help them with compiling good financial reports. They send in the trainer with specific expertise, for example, for accounting in-kind donations received from several companies. YMM also provides leaflets so that NGOs can more easily design program proposals. These leaflets contain guidelines of how to design a well-organized proposal.

"Although the selection is competitive, we open the opportunity to all NGOs to submit their proposals. They must submit well-made organization proposals, and we give examples of those that we offered to our donors, so they can read them thoroughly and design their proposals based on it and send them back to us.

"If the proposal meets the requirements, the executive director or the YMM staff will perform a field survey. He will see if the program works out or not. He will review the implication of community's demands on the program. He also will assess its output and the NGO's capacity to coordinate and execute the program. After reviewing the program, the proposal is submitted to the donors. This whole selection takes three weeks to one month to complete."

According to Latief there are around 50 entries within a year. Among all the proposals, only 10 proposals proceed to the survey stage. The executive director then invites the chairperson and NGO staff for interviews and program presentations. From the 10 proposals, only five or seven would qualify and are recommended to the board. If the board approves them, the program execution and its funding would take place one year later.

How much will be given is based on each respective program. Latief said: "If the need of the budget is large, but it meets the field demand and the NGO can account for it, we grant it. YMM starts with Rp. 2.5 million up to Rp. 113 million. It all depends on the specific program we are financing. For instance, YMM only spent 2.5 million rupiahs for the warung tegal (local food stall) program dedicated to street children in Bekasi, while for the horse-cart coach kids education project in Majalaya, Bandung, YMM spent 61 million rupiahs within a year."

To finance all the programs initiated by its NGO partners, in 1998 until 1999, YMM distributed funds worth Rp. 594,917,000 in 1999 which respectively amounted to Rp. 113,484,000 and Rp. 88,865,000. All funds went to finance six programs handled by seven NGOs. "For next year, we have set up target of additional programs and NGO partnerships, around 10 or 12 more NGOs," said Latief.

Future Plans

"Starting 2001, YMM will increase fund raising efforts. In the middle of last year, the board meeting set three strategies: special events, networking and technology. For special event purposes, we plan to hold orchestra concerts, golf tournaments and painting exhibitions. We are also expanding our networking relationships through companies by developing more company partnerships through information of our program theme 'mission care company.' While in the case of technology innovation, we will use the internet. We will try to raise funds through the mailing list.

"If the donors deliver their funds in the form of block grants in the past five years, we attempt to encourage people contributing in the form of a designated donation. In the coming years, they may transfer skills as well as a supporting network instead of cash. For example, if there is an NGO or foundation which needs help to develop its accounting and managerial skill capacity, a particular company can assist by sending experts to deliver training. Next year, we want professionals from different companies to volunteer so that they can transfer the skills and expertise they have."

Through this mechanism, fund distribution from YMM to related NGOs would no longer be limited to cash. Soekandar explained: "We will bring up our NGO partners' needs to our donors, e.g., when a program initiated by a related NGO requires a fund of Rp. 75 million to

run its program and for HRD management, YMM will assist in lobbying companies to accept the NGO as their partner. Except for regions where local potential cannot be found, YMM will attempt to match them with Jakarta center-based companies.”

Soekandar realized that the dominant role played by the board resulted in dependence on the board. Consequently, the staff was limited in its decision making

process as the staff still asked the board to help them to lobby with companies. Soekandar said: “We will start giving them lots of board tasks, if they are ready for these responsibilities. As long as they are capable, they will do it on their own. Hopefully, the board can perform just the monitoring and evaluation of the organization and its management, while the implementing activity becomes the task for the executive director and his staff.” ►

Case 3

Pusat Pendidikan Lingkungan Hidup (PPLH) Seloliman The Environment Education Center

Introduction

Environmental issues are traditionally discussed in either schools or universities. PPLH invites participants—students, professionals, housewives—both local and foreign, to study nature by direct experience in a virgin forest located near Mount Penanggungan. Teaching is informal, focusing on practical methods rather than theories. The participants feel more directly engaged with nature and understand the environmental problems in a deeper way. SuryoW. Prawiroatmodjo, one of PPLH's founders, received the Rolex Enterprise Award in 1990 and PPLH received the Global 500 Award from the UNEP in 1992.

PPLH is a nongovernmental organization dedicated to environmental education, located in a 3.7-acre teaching facility on the western slope of Mount Penanggungan, Desa Seloliman, Mojokerto, East Java. The building and its landscape design represent a modified Kahuripan palace combined with traditional Java and Bali architecture. The training place includes a comprehensive collection of living plants and animals and several facilities such as a restaurant, meeting hall, bungalow, guest house, dormitory and laboratory.

History of PPLH

PPLH grew out of several environmentalists' concern over the threat of extinction of the orangutan population in the devastated forest land in Mount Leuser of North Sumatra—the orangutan's habitat. With the cooperation of the director general of Forestry and the World Wildlife Fund (WWF), these environmental activists created a project to rehabilitate the orangutan in Mount Leuser. The group stabilized the orangutan's population.

On January 12, 1987, the environmental activists established Yayasan Indonesia Hijau (Green Indonesia Foundation) dedicated to environmental education. These activists campaigned from school to school. Unfortunately the results were unsatisfactory. "Just imagine, how can we expect a student who has the opportunity to meet us once in a lifetime and it lasts only two hours, to have an adequate knowledge and deep consciousness toward his environment," said Prawiroatmodjo, who joined YIH in 1983.

The other problem was financial. Modest financial capacity meant a small scope. YIH fully financed the educational program without any subsidy from the government. At that time, the government did not pay serious attention to environmental education, despite the emergence

of several environmental issues as a result of national development.

Prawiroatmodjo and the other activists decided to build a permanent teaching site near the forest land, to encourage an intensive study of nature, and at the same time have a vacation.

The activists also wanted to make the environmental education center financially independent. "As we visited the schools, we noticed that some of the activists showed their willingness to contribute a little to cover education cost. It meant that in the future we can fully finance all programs we have," said Prawiroatmodjo.

In 1985, Prawiroatmodjo had the opportunity to guide some guests from the WWF who were visiting Indonesia. They made field visits to several locations and watched the progress of nature conservation programs in Indonesia. Prawiroatmodjo took this occasion to explain YIH's environmental education activities. The WWF visited a number of schools to see their education programs, and Prawiroatmodjo convinced WWF International that he and YIH were ready to build and manage an education center. In 1988, WWF provided financial aid worth Rp. 150 million for PPLH's construction.

The project construction began in mid-1988. Rp. 90 million went to buy the 3.7 acres of land while Rp. 60 million went to build the meeting hall and restaurant and for landscaping. The architectural design came from Hans Ulrich

Fuhrke, a German architect who later became deputy chairman of PPLH. The organization also received donations from several other institutions. The British Embassy offered library items such as books, while Petra University of Surabaya gave energy-saving stoves. The community also provided medicinal plants. "During the building process, teaching activities went on. We relocated the classes to other schools nearby, and it meant socialization with the local community," Prawiroatmodjo said.

On May 15, 1990, Prince Bernhard of the Netherlands officially announced the grand opening of PPLH to the public, as a result of intense lobbying by Dutch institutions and corporations. "We have completely made such tremendous negotiation with them to invite the prince to come here," said Prawiroatmodjo. "We assume that inviting him would establish significant trust and image from both the domestic and international community. His coming here would create a selling point for our institutional development and fund raising activity."

PPLH received support from Germany, the Netherlands, the United States, France and Australia. It welcomed visits from international environmental experts. Many of them contributed their ideas and skills in order to enhance the quality of PPLH teaching. Other donor countries contributed additional facilities and infrastructure, such as the laboratory, library, greenhouse, bungalow and others. Local community and business professionals

came in person to donate cash to finance the building of one guesthouse. "Almost all the facilities we have are from individual and institutional donations. We did approach some people and called for their donations in the form of facilities building," Prawiroatmodjo added.

Despite foreign financial support, PPLH's philosophy was to self-finance all its operating costs. Initially, PPLH used the balance of the fund plus YIH's cash donation as its initial operational capital. It began to compile an environmentally-focused curriculum and to arrange supporting facilities for the programs offered to the public. It kept its staff small and filled positions with volunteers. It rented out its meeting hall to other schools in the area for their trainings or other events.

In 1991, PPLH started offering programs to several schools, institutions, NGOs, organizations and communities. It invited local and international green activists, ambassadors as well as members of the community. Since 1992, the number of paying visitors has been sufficient to cover all operational costs.

Fund raising activities also included organizing seminars and training workshops. PPLH organizes a variety of social events to promote their proposals to corporations, funding agencies and to the public. It held an International Teachers Conference three times, a follow-through of a "School Link Program" initiated in 1994. The program linked schools under PPLH fosterage with foreign schools. They engage one another through newsletters,

exchange visits and comparative studies. "The funds we collect from them are large enough, the money covers program costs. The hostels and food (are) priced higher for foreign guests," Suroso said.

Since 1998, PPLH has run the Professional Program, a post-graduate course for environmental NGOs that runs for four semesters. To make sure that PPLH delivers high quality education, the management cooperates with the Field Studies Council (FSC), a British-based international NGO and receives financial support from Unesco and the British Council.

PPLH also runs consulting services for enterprises, NGOs and government officials. In 1998, it became landscape and disposal management consultant for a hotel and an apartment complex in Surabaya. It also became a consultant for the community development projects of the local governments of Pati and Trenggalek. These activities created good public relations for PPLH, resulting in more government officials getting interested in holding training programs at PPLH.

Suroso, in addition, explained: "Through these efforts, we can afford to finance operational and social programs expenses. Certainly not all activities are commercial. We also undertake several non-profit community development programs that we fully finance with or without other support. For example, we provide environmental education and assistance for rural communities through our program called Program Desa. We

teach them how to cultivate non-organic farmland and to make souvenirs from recycled waste materials. These activities are all not-for-profit that we finance independently.”

In 1995, PPLH started working on a micro-hydroelectric power plant to exploit water supply resources located near the complex. GTZ, a German NGO that specialized in energy resource development, backed the project. The water resource supplied electricity for the local community. PPLH used the project to develop community awareness. With electricity, they could set up their own small-scale business enterprises. PPLH believed that if the members of the community earned more, they would be more concerned about water conservation. “If they are thinking of water conservation, soon they must be thinking of forest conservation because the water comes from the forest-land,” Suroso asserted.

In 1998, PPLH expanded to Sanur, Bali. Several months later, some environmentalists from Southern Sulawesi with the assistance of PPLH duplicated PPLH in Putondo. The main PPLH opened an urban center in Surabaya to research and study urban development issues.

Suroso explained: “The establishment of those institutions was in fact not a part of our plans. But many people including the former minister of Environment Department Sarwono Kusumaatmaja, wanted us to expand our model into other regions. The three institutions have different managerial concepts. We only

share in their birth. We also have the same spirit and commitment, and a shared objective, to assist in improving environmental education capacity in Indonesia. So far, we are still formulating the standard model of partnership between Seloliman’s PPLH and the three others.”

Dealing with the Participants

Suroso said: “When we design our programs, we focus on social demands and environmental circumstances. We are absolutely open to their interests and opinions. As long as it is in the framework of our mission, we deal with it. For example, we have outbound activities that appeal to many people from the corporate world. We design the program based on environmental virtues. Besides team building, we also deliver courses on environmental issues.

“The programs are published in newsletters, websites and radios. PPLH has established relationships with five radio stations to get PPLH’s programs on air every Sunday. The five radio stations are Radio Maja FM of Mojokerto, RKIP Surabaya, RRI of East Java Regional, Radio Prosalina of Jember, and Radio Suara Surabaya.

“Moreover, the organization’s PR unit sends out direct offerings to schools, corporations and government. Within one month, our PR staff sends four letters to those institutions. The letters are sent with organization profile, brochures, program

subjects and other information enclosed.

“For schools and the community, we are not restrictive. We send our offerings to all schools and other components in the society because we are carrying a mission to spread out information on natural environment. We get the school data from the regional office of education and culture department while the lists of companies we received are from the office of trade and industry department, or local chamber of trade and commerce’s office. The data that contains data of NGOs is available in local Social and Political Directorate office.”

PR staff also visit related institutions and deliver presentations on PPLH’s programs and activities. Salamun, the PR officer, said: “Our presentation does not focus on fund raising, but more on program substance. The objective is to develop our good image and to extend our network. The training can be in their venue, as they do not have much time to go to our site.

“For business corporations, the offering is in the form of leadership training, outbound activities and HRD capacity building. Environmental-based subject matters such as environment appreciation, pollution and waste management are part of the program. We explain to them that the training scheme will allow them to interact with nature directly since it takes place in an open-air venue through a participatory method. This makes (them) curious and then we invite them to our site to go into the details.”

Salamun employed a different strategy for schools, NGOs, government entities or communities: “What we do for schools—programs on natural environment—is our main point of interest because it has a strong relation with the biology subject taught in the school. But biology is not the same as environmental education. We adjust our training program so that they are in school holidays.

“For the government, we offer them workshops. Workshops, we believe, suit their style. We make workshops on organic farming interesting to them. We admit that it is not easy to service the bureaucracy but we still fight on. We expect that we are a bridge to fix the poor relationship between government and NGOs. We only attracted 30 companies this year. And we can only reach five government departments in a year, usually from Bapedal or Dinas Konservasi Tanah. The largest participants are still from senior high, followed by junior high, elementary, kindergarten and college students.”

Internal Stakeholders

According to Suroso: “Before 1998, there was a board that supervised PPLH at the regional level. Suryo and Uli (Ulrich Fuhrke) chaired the board. The board became more like the authority for PPLH but it turned into PPLH Foundation that is authorized to control all centers. This changing mechanism is still not final and it has generated arguments among PPLH’s caretakers.”

Under the authority of Yayasan Indonesia Hijau (YIH), PPLH possessed the autonomy to compose its programs and manage its organization. Up to 1998, YIH was the authorized representative for PPLH and was legally in charge of any PPLH programs and activities. PPLH provided YIH with regular reports on its activities, personnel affairs and administration and with audited financial reports. YIH was also responsible for monitoring and evaluating the consistency of PPLH activities with its vision and mission.

In mid-1998, with the PPLH Foundation, the operational management from programs to fund raising activities became the full responsibility of the organization. Suroso said: "It was us who created the organization development plan since its initial founding. We started from the curriculum study, program design to fund raising strategies to meet the program's budget. We have a board of trustees and a board of supervisors, to meet the requirement WWF set as the initial stakeholders. This organizational scheme is also intended to reflect and accommodate our social aspirations and to generate support. YIH itself is now merely for developing networks and offering opportunities for the organization."

According to Suroso, YIH provided information about possible donors. With its established name, YIH was the link between PPLH, donors, funding agencies and other institutions. However, in 1997, the executive director of PPLH, Bandung E. Suseno started to approach several insti-

tutions and corporations without any help from YIH. Suroso explained the changes in the organizational structure: "The preliminary structure was simple. Daily caretakers comprised two sections, the program section and facility section. The two sections were in the hands of the executive director and his deputy. We only have six staff members, so that some double up. For instance, Suryo in the position of executive director also became a program coordinator, while his deputy was also the facility coordinator position. The caretakers also acted as the teachers for some programs."

In 1991, PPLH formed three moneymaking divisions: Restaurant, Program and Facility. The management also recruited several new employees. In 1998, PPLH created the biodiversity division and ecotourism division but they were not very effective so the biodiversity division merged with the farming division while ecotourism became a part of the facility division.

As of 2000, PPLH maintains three departments with 60 staff members—the business unit, programs and support system. The business department handles the restaurant and facility division and manage the bungalow, guesthouse, dormitory and other facilities. The business department also coordinates the tour and travel division and the sale of merchandise and souvenirs that PPLH produces. The program department had three divisions—education, community development and farming. The support system department

helps the other departments in administration, finance, secretariat, publishing, documentation and public relations.

In the period 1990-1997, Bandung E. Suseno replaced Prawiroatmodjo until 1999. One year later, Suroso took over the position. Replacement occurs once in three years in an annual meeting. The annual meeting evaluates the progress of each year, and determined the "RAB" (Rancangan Anggaran Belanja)—the organization's budgeting plan. The RAB aligned program implementing plans with their budgets. According to Suroso: "The executive director and the division heads work together. When doing his daily work, each staff (member) is responsible to his coordinator and/or his division head. Nevertheless, all the coordination takes place without watching the staff. The executive director would go to the field only when needed. For example, whenever a staff from community development will make a presentation, the farming division will get involved. In this case, program coordinator arranges the connection. Our working relationship is integrated and we are egalitarian."

Staff Involvement in Fund Raising

Suroso explained, "Our fund raising effort does not only come from the business department, but from all departments. We motivate all departments to raise funds, as long as they stick to their mission to serve environmental education. For instance, in our business department,

all meals served in our restaurant should be healthful and do not contain pesticides. Rooms for our guests do not use mosquito repellent or chemicals that may harm the environment.

"The education division sells study packages that they offer to the community. The community development division runs training programs and workshops held three times each year, for a fee of Rp. 500,000 to Rp. 600,000 excluding sponsorship, plus a large annual conference/seminar. The restaurant division sells food during the training programs. The farming division sells rice, vegetables and other agricultural products from their farm to the restaurant division, and bean sprouts and compost to regular outside customers, and trades produce as well. The farming division also holds three series of training sessions every year, which are related to organic farming techniques. The farm division earns Rp. 100,000 weekly. The publishing and documentation division sells its bulletin and magazine entitled Bumi. Each element of business units is expected to be as productive can be as the contribution made to the organization despite its small portion.

"The PR division visits schools and corporations and informs them of our programs and services. PR also designs and offers different kinds of partnership and participatory programs to several firms, government corporations and NGOs. These are then handed over to the respective operating divisions. PR also liaisons between the organization and potential

funding agencies to facilitate financial support for large programs and long-term programs that we cannot afford to finance on our own.

“We have our coordinating meeting every Monday. In the meeting, we assess implementation and prepare for the next programs. This is the forum where our staff can communicate and coordinate their programs with each other. The executive director and the other executives have their own biweekly meetings for important and urgent decisions. To process ideas, inputs or suggestions for new programs that come from our staff, we hold monthly program meetings.”

Fund Raising from Earned Income

Suroso said: “PPLH often receives criticism and pressures from NGOs and they think that we practice a ‘double-standard’ because we act both as a non-profit organization and as a profit-making organization. In spite of the criticism, we still go on with our activities because of our philosophy to be financially independent. We only can dream about our vision if we still depend on funding agencies. If we want independence, we must first build it financially. If we work professionally, we can achieve independence.

“When the schools find out that our programs are well designed, they will surely be happy to give funds to get our program. When they come, they will enjoy the fresh air and celebrate the won-

derful scenery that they cannot see every day in the town.”

Since 1995, 70 percent of PPLH programs and operational financing has come from internal financing. By 1999, operational and program expenses reached over Rp. 736 million but revenues were Rp. 785 million—mostly from the restaurant, inn facility, agricultural products and souvenirs sales. The restaurant provided the biggest contribution of Rp. 298 million. The education division and facility division contributed Rp. 138 million and Rp. 113 million respectively.

Suroso admitted that PPLH still needs funding agencies for about 30 percent of its costs. He wants to gradually reduce further PPLH dependence on funding agencies. He said: “We only receive funds in terms of working partnerships, not purely charity. We do not ask for charity but support to manage development projects. We do not use foreign funds to finance our organization but rather to support our programs. But we need external donors for large and long-term programs that truly require large sums.”

Providing Professional Services

PPLH provides several general science and skills programs related to the environment. In general, it offers two program models: the passive program and active program. In the passive program, PPLH arranges 20 packages and participants choose the subject, the date, the length of the program, and so on. Each participant

pays the program fee ranging from Rp. 8,000 to Rp. 25,000.

The active programs are larger, and PPLH determines the subject, time schedule and target groups. Large programs consist of teacher training, workshops, community development programs, courses, book reviews, publishing and consultancy. The consultancy services cover environmental issues and their influence on social and cultural development. PPLH also provides consulting in the area of landscape architecture, waste management, ecological farming and AMDAL.

Almost 12,000 people visit PPLH every year. Most are participants in the passive program, who live around Western Java. PPLH earns revenues ranging from Rp. 150 million to Rp. 200 million per annum. The contribution from the other programs range from Rp. 25 million to Rp. 50 million per annum. Protected forest management, environment pollution and waste management are the favorite subjects.

Facilities

Facility leasing provides one of the highest revenues. “Nevertheless,” said Suroso, “we always attach social aspects to the framework of facility leasing. Provisions of different facilities in PPLH are chiefly dedicated to supporting all program implementation. The revenue will go to finance non-commercial programs such as community development projects,

Sunday program, rural program, and others.”

The facilities include a restaurant, eight bungalows, two guesthouses, two dormitories, a meeting hall, a library, a mushalla, a laboratory, an ecology kitchen, a sports yard, children’s playground, and others. The guesthouse accommodates 6 to 19 persons, while each bungalow accommodates four persons. For cheaper accommodation, the dormitory has enough space for 60 persons. The dormitory rate is Rp. 10,000, and the bungalow rate is Rp. 100,000, and the guesthouse rate is Rp. 150,000. PPLH earns between Rp. 100 million and Rp. 150 million a year. The restaurant’s revenue averages Rp. 190 million per year.

Selling Products and Souvenirs

Selling products and souvenirs only contribute Rp. 40 million. Suroso said: “The sales helps our social mission. We surely do not take much profit on it, as we realize that most merchandise comes from our foster-villagers and they get most of the revenue. We help them with good marketing strategy and provide access to customers.”

The products purchased are usually herbal medicines or traditional herbs, organic farming crops (rice, vegetables, red and white onions) and bean sprouts. Sunday is a good selling day because people who join PPLH’s Sunday program usually go shopping just before returning home. Souvenirs such as books, bags or

purses, calendars, picture frames and tissue boxes are made from recycled materials.

Besides ecological products and souvenirs, visitors buy books, magazines and bulletins issued by PPLH. The publication and documentation division is in charge of managing and publishing the materials. The division publishes a monthly magazine called *Bumi* and a biweekly bulletin, distributed to the organization's working partners and donors. Some publications go to direct buyers or subscribers. From this business unit, PPLH earns about ten or fifteen million rupiahs each year.

Newsletters and the Personal Approach

According to Suroso, "We got financial support from many people. To win their sympathy we send them newsletters as well as use a personal approach. These people from the upper class society care about the natural environment and are businessmen and housewives."

The newsletter mailing activity started in 1988, as PPLH was about to begin its construction. The teaching activity started by moving classes from schools to the building site. While the meeting hall was under construction, the teaching activity was conducted temporarily under a tent. The newsletter described these and other events. Suroso said: "Through this newsletter, we hopefully can share stories about our ups and downs aside from trying to raise funds from donors. We do not

specifically ask for their cash but only inform them of PPLH and its activities. This newsletter also contains an invitation for anybody interested to visit the location or who needs a lovely place for his or her vacation."

Suroso admitted that he could not measure the fund raising capacity of the newsletter. He asserted, "In fact, there are some people who are willing to become our donors because they fall in love with our place after spending nights and days here during the holidays. And they get the information about our place from the newsletter. To reach them we use the personal approach. We invite them to watch our activities. When they are here, we chat informally about our programs. We talk about our endless struggle to protect and conserve nature and make them proud of the country's natural environment. Sometimes we must tell them about obstacles we face.

"They are generally impressed with us because they witness what we say for themselves, and they ask what they can do about it. That is the moment when we briefly express our problems and describe our institution's future development plans. For example, we tell them that we have plans to build bungalows, dormitories and other facilities, whose utilization would finance our programs.

"This personal approach proved very effective in arousing their consciousness to help. For instance, a housewife from Banyuwangi named Mrs. Suhud expressed her willingness to provide a cash dona-

tion for building the bungalow right after understanding PPLH's activities. A British mother and her son were impressed with the organization and donated cash for building two bungalows. The same supportive appreciation came from the former ambassador of Finland, who donated funds for the meeting hall while the ambassador of New Zealand and the ladies of the British Embassy financed the building of two dormitories. To complete the greenhouse construction, PPLH received financial aid from the Canadian ambassador. The funds donated ranged from five million to 12 million rupiah.

"Moreover, some donors showed strong interest in the programs. For instance, a housewife named Merli Kho gave a regular donation worth Rp. 200,000 monthly for two years to promote the program of supervisory and living environmental education for elementary kids in several villages around PPLH. This generous idea of showing her commitment to help came when she made a visit to PPLH and witnessed the students' spirit in studying natural environment. As she heard the explanation that it was all done free for the students, she agreed to donate funds.

"Rony Chandra, a business entrepreneur from Bali, is now focusing his interest on organic farming, and he donated Rp. 5 million for an expanded publication of a book *Pemantauan Kualitas Air*. He admitted that the book prompted him to donate. According to him, the book was very interesting and it provided essential information for the community. Thus, he

hoped that the book, if more widely distributed, could influence more readers."

The funds that PPLH received were not only from individuals but also from groups of companies. Said Suroso: "When the executives and the staff join the outbound activity here or when they spend vacation here, we then call on them. They give between two million and four million rupiahs per person, and we appreciate their good will. ABN Amro donated five million rupiahs to build a road. Several Western Java entrepreneurs also took part in this project, through cash and logistics.

"In dealing with both individual and institutional donors, the most important commitment we always emphasize is transparency and openness. We send them financial reports clarifying every single rupiah that we spend. For example, WWF receives regularly a report summary not only on the amount of rupiahs spent from what we receive from them but also from other resources. We are open when it comes to financial matters. We also try to openly lay out the problems we face and to be honest whether we are able to get rid of them or not."

Ecotourism

Suroso said: "Since the early 1990s, we purposely attempted to develop ecotourism as another fund raising strategy in line with the fast growing tourism industry in this sector in Indonesia. We perceive this challenging and promising

sector of world tourism as a great opportunity since the facts show lack of management and promotion of ecotourism, particularly in West Java. One of the reasons is the limited supporting infrastructure. As a matter of fact, we can turn the area of the protected forest and Penanggungan Mountains into good leisure spots as well as a medium for promoting education on nature and the environment. Some sites located around PPLH complex also boast of historical ancient legacies such as Jolotundo Temple, and some archaeological sites of Kahuripan Kingdom's reminiscence, and an Old Dutch dam relic."

Starting in the mid-1990s, PPLH began campaigning for ecotourism in several seminars or meetings where the main topic was tourism. PPLH cooperated with the regional office of the tourism department of West Java in promoting tourist spots. The promotion and publicity abroad came from newsletters and websites all over the world. Some foreign volunteers who once trained in PPLH were asked to get involved in the promotion. They became informal representatives of PPLH for overseas and helped in promoting PPLH and ecotourism. They encouraged their fellows to come and visit PPLH. Suroso said: "More professional cooperation with several travel agencies or bureaus is our current goal. Considering they are business-oriented organizations, it is through a business approach that we deal with them. We offer tourist packages. We talk about our tourist spots, the accom-

modation facilities complete with food and beverages, and our environmental education programs that may not be available in other regions in the country. We also approach some hotels and the cooperative agreement we have with them is to train and to recruit colleagues.

"Nowadays, PPLH has affiliation with 17 travel agencies and five hotels, and seven are foreign travel agencies with headquarters in the Netherlands, Australia, Canada and America. These organizations have extensive networks and access, and are trusted by tourists, and are experienced."

According to Suroso, for example, Intrepid Tour, an Australian travel agency, took a group of tourists to stop by at PPLH as part of the tour package that included Bali, Gunung Bromo, Yogyakarta and Pangandaran. Another Australian agency, Insearch Travel, took Australian college students to spend holidays and to learn about nature at PPLH.

A group of German veterans were brought in by Wikinger Travel, a German travel bureau. Some local travel agencies brought some of their foreign clients, mostly from France and Canada, to PPLH. "Unfortunately," Suroso lamented, "our nation suffers from instability so that we can not yet achieve our ultimate goal. Since 1998, many foreign tourists called off their visits to Indonesia for security reasons, so for now we cannot expect much from this sector. The number of foreign tourists who visited PPLH dropped, unlike the domestic visitors. In

1999, we could only get 300 foreign tourists while domestic tourists reached 3,435 people. The number of program participants was 6,171. The current revenue was only 5.5 million rupiahs, much lower than the previous income of more than 15 millions rupiahs.

“But we will keep on cultivating this promising sector for future development. We predict that ecotourism can become the new trend of future tourism due to people’s increasing awareness and consciousness towards their nature conservation.”

Cross-Funding Program

Suroso pointed out that not all participants who attend the program pay the training fees. PPLH exempts poor people from paying. PPLH never charges tuition to its elementary students who live in the poorer villages. For students of primary or junior high schools in villages or smaller cities, PPLH sets the tuition fee at the lowest possible rate subject to the students’ financial condition. Suroso said: “To attend the passive program, they only pay Rp 5,000. That is below the market standard of Rp. 8,000 to Rp. 10,000. The fee for accommodation and meals is Rp. 6,000 per night, cheaper than the regular price of Rp. 10,000 per night. In short, in spite of our standard fees, there still are exceptions and adjustments after all. And this is our PR job.”

PPLH also holds free programs, such as the Sunday Program from 11 a.m. to 1

p.m. —an informal talk show for anyone to share ideas and experiences. Another free program is the Community Development Program. The participants of this program come from rural communities in the two nearby subdistricts. This program aims at the transformation of people’s concerns towards their natural environment. The program includes projects to increase their income and to improve their living standards, such as training and practice for dairy, cow, and broiler breeding, agriculture, paper recycling and making local cheap and healthy delicacies.

The free programs receives cross funding from other programs.

Suroso said: “To the higher classes of society, we have higher fees than the standard fees. The fees for food and accommodation for the visiting public are usually more costly or above the average. Students pay Rp. 6,000 to enjoy our meals, while the higher-class people pay Rp. 7,500 or higher. The room fee in the bungalow is Rp. 100,000 per night, slightly higher the student rate of Rp. 85,000.

“We do not set up the price without due deliberation. We explain to visitors why they get a higher price. We tell them if they come here for vacation or holiday retreat, it means that they are wealthy persons. We will ensure them that these extraordinary prices are intended to raise funds for cross-financing their unfortunate fellows who join the similar programs.”

The Future of PPLH

The organizational structure is not hierarchic but somewhat linear. This democratizes decision making but creates uncertainty for an employee's career development. Some NGOs also criticize the management as inefficient and that PPLH went "too far beyond expectation" when it established cooperation with the local government of Pati and Trenggalek in 1998. In responding to the criticism, Suroso said, "We did attempt to change and reconstruct our organizational structure several times in hopes that it would become more efficient one. But then we realized that it needs time to reform our managerial system. Therefore, during the last two years, we have been focusing more on internal consolidation and reformation. We, indeed, used to try expanding to Pati and Trenggalek, but now we are more concerned with education. We still serve our society, especially the local neighboring communities. We also will not expand physically since we have sufficient facilities to sustain our program."

Suroso admitted that the lack of education of his staff was a major problem but he noted that poor human resources development also occurs in other NGOs. He also noted that in Indonesia, the formal schools' role in human resources development is still not optimal.

"We must anticipate it by fostering more and more internal training and inviting more speakers from outside," he said. "The management attempted to put some money from fund raising to invest

in HRD capacity building by sending some staff abroad to undertake training and other coursework programs. We have sent out some of our staff to the Philippines for training as community organizers. We hope that they become more professional in managing our programs when they return."

For new program development, PPLH intends to design short training programs relating to urban development issues like waste management, pollution, suburban development, and town greenery planting. These programs would be offered to schools, NGOs, companies, government and individuals. Surabaya city would be the pilot project because PPLH's urban center is located there.

"We are now redesigning our tourism packages for two kinds of development: rural community and traditional arts and culture," Suroso said. "We invite foreign and local travelers to come and see directly the social and economic activities of the community. The traditional arts and culture will focus on agricultural life to be performed as a 'moonlight' entertaining show and exhibition package in various PPLH venues. This program will broaden PPLH activities and entertain tourists.

"Moreover, we are now also trying to create a tourism package that includes historical treasures. For example, we plan to introduce some historical legacy around Seloliman that traces ancient human civilization in the area. In the coming years, we hope that there will be plenty of travel

agencies that can bring in groups of students from the faculties of anthropology and history, and foreign researchers who want to study historical sites around here. This is what we see as a potential activity to build our future growth. We have made several presentations to travel agencies and tourism offices for the program.” ►

Case 4

Yayasan Dana Sosial Al Falah (YDSF) Surabaya Surabaya Al Falah Social Fund Foundation

Introduction

Zakat, infak, and sadaqah (ZIS)¹ are fund sources for charity campaigns and community socioeconomic empowerment that supplement funds from government taxes. One successful organization that raises funds from the Moslems is Yayasan Dana Sosial Al Falah (YDSF) Surabaya.

YDSF started 14 years ago. It was founded by some members of the Mesjid Al Falah (Al Falah Mosque) and now collects a monthly fund of Rp. 300 million from the infak fund. The money comes from 89,000 donors in Surabaya city and its adjacent area. The foundation office at Manyar Kertoarjo of Surabaya, continues to bring in between 1,000 and 1,500 persons per month.

Ch. Madjedi Affandi, an oil and gas entrepreneur who is active in various social activities, and ex-chairperson of YDSF and one of the founders, said: "The establishment of the foundation that serves mainly in fund raising is dedicated to introducing alternative solutions towards the typical obstacles or shortcomings encountered by Islamic institutions. Many Islamic foundations that provide social and missionary activities are capable in composing and introducing plans and programs, but not so many of them have been professional in establishing and managing a

sound funding source. Consequently, many Islamic foundations have failed to sustain their programs on account of financial difficulties. YDSF started a program focusing on fund raising for various social or humanitarian activities, including assisting the other Islamic institutions that still cannot afford to raise fund both independently and professionally."

History of YDSF

Some of the faithful of the Mesjid Al Falah Surabaya wanted to continue a practice of the late H. Abdul Karim. Almost every morning, after his shubuh (dawn) prayer, he walked around the suburban area of Surabaya, looking at the routines of the local society and paying careful attention to mosque and school construction. Whenever he found mosques, schools and orphan asylums in poor condition, he would contact some generous Moslems from his congregation to help finance construction and improvements.

According to Arie Kismanto, director of YDSF: "With respect to his noble deeds and because of an increasing number of received proposals, we thought of establishing a foundation that will manage the fund raising activities, because in the event that funds are not managed carefully

it will result in slander and violate the reputation of the foundation. In addition, the funds available in society are potentially high. Therefore it is necessary to exercise professional efforts in its raising.”

On March 1, 1987, YDSF was established officially and H. Abdul Karim was the first chairperson. However, H. Abdul Karim passed away soon after and the vice-chairperson, H. Abdul Kadir became the chairperson. The foundation's office was on the second floor of the Mesjid Al Falah. The foundation recruited three full-time staff members with three extension staff members and five fund collectors, who worked part-time.

Arie commented: “As an Islamic foundation, we collect funds to finance the programs and foundation operational costs through the infak. This sort of fund is potentially enormous since it is strongly advised in the Islamic code of conduct. Infak is a voluntary contribution for the sake of social concerns in accordance with one's capacity or ability. Infak varies from zakat, because it is simpler and more flexible. Anyone can give infak in any amount and the distribution of infak funds are less restricted than that of zakat.”

YDSF also made “silaturrahmi” or house visits (door to door). This approach was not very effective for several reasons. The house owners were not at home, most of the houses were guarded by a watch dog, or the households were cynical because they were frequently approached by several other foundations that did not give details of the fund use. YDSF also sent can-

didate donors brochures and forms. “Just in the sixth month, we gained 33 donors with a total donation of Rp. 160,000. That amount was then spent for office consumables, printing brochures, and mailing fees. In its first year, YDSF raised Rp. 8.6 million from 967 donors. However, the above amount was still not equal to the operational cost of the foundation. Fortunately, YDSF was supported by the board of directors who are entrepreneurs.”

In the second year, YDSF tried to change its target donors. The foundation assigned and sent all extension staff to various offices, enterprises, factories and government agencies. Like the sales staff, they moved from office to office with proposals, brochures and bulletins in hand and met with managers, spiritual section heads, and security officers of the companies and factories, asking for permission to collect voluntary infak from Moslem employees. The extension staff also asked for one person to become a volunteer coordinator for infak-raising in his own company.

This approach was more successful than the previous ones. The number of donors increased from 6,095 in 1989, to 8,095 in 1990, and 11,087 persons in 1991. In 1997, YDSF donors reached 32,264 persons with a total donation of Rp. 1.15 billion.

The office moved to a three-story office building at the Manyar Kertoarjo Office Compound. YDSF set up a computerized filing system of all donors. It also improved the quality of the paper

and magazines that all donors could get on request. YDSF held a monthly Islamic preaching and sent teachers to teach how to read the Qur'an, and sent preachers to companies and offices at their request.

The number of Al Falah's donors continued to increase. The data and documentation center recorded that last year donors grew at 1,500 persons per month. By the end of May 2000, the number of active donors had reached 38,000 persons. They contributed their infak every month to the foundation. There were 81,711 other donors who contributed their infak irregularly. Total donations raised in 1999 amounted to 1.65 billion rupiahs.

YDSF funds four sectors: education, missionaries, mosques and orphans. As of May 2000, YDSF had distributed a total of Rp. 9.9 billion. That amount was divided into education – Rp. 1.6 billion (40 percent); missionary work – Rp. 1.2 billion (15 percent); mosque construction – Rp. 654 million (15 percent); and orphan intensive guidance – Rp. 182 million (5 percent). Overhead cost and staff remuneration was 12.5 percent. Fund usage was audited and controlled by a certified public accountant and the balance sheet and financial performance were published in the regular magazine.

Board of Directors

According to Kismanto, in the initial years, all 12 founders of YDSF served on the board of directors. From 1987 to 1992, the chairperson and vice-chairper-

son were H. Abdul Kadir and H. Farid Jahja. From 1992 to 1995 and 1995 to 2000, the chairperson and vice-chairperson were Ch. Madjedi Effendi and H. Abdul Kadir. YDSF needs new directors to replace the founders who pass away or retire. The term of office of the board of directors is three years, with the possibility of appointment for the next term.

The board of directors receive no salary or wages and frequently contribute to YDSF from their personal income. They are leaders and entrepreneurs with solid finances and wide networks.

Due to their tight schedule in other social activities and with their own businesses, the board of directors focus on the selection of proposals and appraisal of programs that are feasible or qualified for funding. The board holds monthly meetings with all field staff to evaluate, monitor and follow up all programs.

The board has been a primary donor since YDSF started. The board members voluntarily use their own money for office overhead costs, including purchasing computers, a camera, printing machine, even for the staff salary for two years, when fund raising activities could not cover all the expenditures. In terms of fund raising, the board of directors approve and certify the funding proposals that the field staff submit. In addition, the board provides references on new offices, companies or candidate donors to contact.

YDSF Staff

Drs. H. Hasan Sadzili served as office head, H. Nur Hidayat as secretary, and Syahid Has was the coordinator of the Extension and Fund Collecting staff. The staff in turn was recruited from the Mosque's youth activists who had a high commitment to missionary and religious activities. With minimal manpower, the staff had to work much harder and perform double duties. The office head and secretary also frequently went out seeking donors themselves.

That simple staff structure was maintained despite several replacements. In 1994, when Dr. Ir. H. Muhammad Nuh held the chairperson post, the office head was promoted to the level of director and authorized to operate several divisions dealing with programming, donors networking, magazine and circulation, data entry and documentation, as well as survey and distribution. The extension staff was fused into the marketing division, and the fund raising staff grew to as many as 20 persons.

Early in 1999, when Arie Kismanto was assigned as director, there was another reorganization. "In keeping with our motto—'Mandatory and Professionalism'—we tried to develop and reorganize the management structure. The Division Heads were promoted to the level of Manager and we created new divisions such as Public Relation and Customer Service, aimed at improving our professionalism and credibility."

Kismanto also has designed programs on how to improve the quality of his human resources. He recruited based on qualifications and know-how. YDSF ran internal training programs and assigned all the staff to participate in various training programs and seminars in order to improve their skills. Kismanto added: "We have also revised the prevailing wage system as it is considered disproportional and unfair. In order to achieve efficient performance, we have conducted some evaluation on the number of staff we need, particularly the collectors. We used to employ 20 collectors, but now, we employ not more than 30 staff in total including 12 fund collectors."

Relationship between Board and Staff

In executing his daily tasks and duties, the director is accountable to the board. He makes his report at a monthly coordination meeting of all YDSF personnel. In the annual meeting, the director reports to the board on the performance of the foundation during the year. The board then evaluates the director's management of the programs. The director also usually contacts the board via telephone given the board's tight schedule. YDSF did not set a specific period for the post of director. Some directors served for the period of three to five years and one only stayed for one year.

Coordination and communication between the director's staff units take place

every Thursday. For staff performance appraisal, there is an evaluation meeting at the beginning of the month. Each division also holds biweekly meetings to monitor program-attainment of each division.

Role of Staff in Fund Raising

As Kismanto explained: “As a foundation that specifically works on fund raising, we often emphasize and suggest to all staff that they should contribute as much as they can to the fund raising efforts. They can have different opportunities in accordance with their own field of services. For instance, a security officer should take care of all donors’ cars when they visit the foundation office. A receptionist should welcome and serve all donors and give detailed explanations at their request. She should also be able to manage complaints from donors in a polite and amicable manner. She should speak to donors politely so as to avoid distressing them.”

There are four main departments: marketing to donors and institutional restructuring, fund collecting and financial administration, the filing system of donors’ data base, and fund distribution. Each department manager supervises different activities in his/her department, such as magazine publishing, marketing and donors networking, programming coordination, fund collecting coordination. The marketing and fund collecting units actively seek donors. The other units pro-

vide support. The marketing unit has three persons. Once they get the donors they immediately turn over the infak to the fund collectors.

The foundation assigns 13 fund collectors and uses a receipt-based collection method. Each collector covers 2,000 to 5,500 donors, based on his capability and on distance. Each collector deposits between Rp. 14 million and Rp. 30 million per month to YDSF. Fund collectors also assist the marketing division in finding prospective donors. Whenever they go out collecting, they carry magazines, donor forms, brochures and proposals.

Every year, the foundation rewards high performing staff, based on their discipline, productivity and the amount of funds they deposited with the foundation. “For fund collectors, the foundation provides additional bonuses for those who can deposit higher than 93 percent of their target. For example, if one can afford to deposit 94 percent, he will receive a bonus. If he can maintain that performance for three consecutive months, he will get another, larger bonus. We believe that everything we have done is to recognize that they are doing a very hard job. The award of bonuses has in fact successfully improved the performance of fund collectors. We have an increasing percentage of target achievement from 93 percent to 97 percent.”

Fund Raising Activities: Membership

According to Kismanto, the membership system introduced by YDSF to every donor can be described as a “flexible membership system,” because the foundation never gave intricate rules and conditions. The foundation also does not issue membership cards or define compulsory dues. The amount of donation depends on their financial capacity and their income. Said Kismanto: “YDSF can maintain the loyalty and commitment of its donors. The key point is in its accuracy in selecting the donors and in maintaining close relationships with donors. We try to approach large communities that are not affiliated with other groups like NU, Muhammadiyah, or any other Islamic organizations.

“Many Moslems are poorly informed on where they can contribute their infak, and how to distribute it. YDSF provides an intermediary foundation for their infak distribution. Moreover, donors are provided with additional services such as free magazines.”

As of January 2001, donors reached 89,000 persons with an average donation of Rp. 2,000 to Rp. 2 million per month. There were 44,277 regular monthly donors—entrepreneurs (20 percent), managers (3 percent), civil servants (20 percent), housewives (12 percent), lecturers and teachers (10 percent), and finally factory laborers (35 percent). Even low wage workers contributed funds. How-

ever, during the economic crisis, there were 6,608 donors, mostly laborers, who resigned and income declined to Rp. 18.3 million. Fortunately, that amount was somewhat covered by 3,812 new donors who gave Rp. 13.8 million. Furthermore, despite the crisis, the higher-income donors even increased their donations. “More than 75 percent came from infak donations. Therefore, we always try to maintain mutual relationship with them and to sustain their loyalty by providing some additional services. We try to invite them to attend every event held by YDSF. For example, ‘halal bi halal’ (forgiveness sharing) and ‘silaturrahmi’ among all donors (donors meeting) that is held once a year. They can also participate in the kaffah program (an Al Falah actual citing), that is mainly religious preaching. The foundation also helps them create their Al Qur’an citing group so they can appoint their ustadz (teacher).”

Dealing with Donors

The division head of Admission asserted: “If we have no access to one office manager or staff, the approach can be initially made to its security officers or duty receptionists. We can also meet with activists or organizers of the existing mosque of the office.

“Whilst spreading out free magazines, brochures and funding proposals, we can express our aims and purposes. We also ask them to become donors. If the first step can be well managed, the subse-

quent process will be much easier. They can inform us about the other potential donors in their office. Usually they offer help in disseminating brochures or magazines and finding new donors.

“It is easier if we know one of the managers of the office. Marketing staff work through references provided by board, staffs, donors, coordinators, or anyone he know well. For instance, we can enter the office of Johnson & Johnson by using references from its distributors and agents. We first enter several BCA offices through references from the other BCA’s office staff. We contact the individual concerned and inform him about YDSF’s mission and programs. It is not necessary for us to explain to him in detail as he may already know about us from his colleagues. We then give him some forms and magazines for potential donors. This individual usually becomes our coordinator to distribute magazines to his colleagues and to seek out more donors in the office.”

Sometimes, the marketing unit sends letters to the managers or heads of the offices or companies that they do not know, requesting for a presentation opportunity. Sometimes companies call YDSF. PT.ECCO called YDSF to help in distributing its social fund to the casualties of the Bengkulu earthquake. YDSF gave up on door-to-door marketing. “At one house, we can merely meet with one to two donors, much smaller than what we can get at offices or companies.” YDSF’s staff also attend religious ceremonies to hand out the

brochures and magazines of YDSF.

Coordinator Volunteers

“Basically, the foundation gets enormous benefit from coordinators, particularly in fund collection. They carry out fund collection from more than 1,000 offices of YDSF’s donors core base. One coordinator may handle 30 to 300 donors. Seventy-five percent of total funds come from the voluntary coordinators. The fund collectors just submit or leave the payment receipts and bulletins to all coordinators. Every beginning of a month or on the agreed due date, collectors come and collect the money from the coordinators.

“There are more than 1,000 persons. We start by asking them to become donors, and then we ask them to be voluntary coordinators at their offices. We approach someone who is a loyal donor and who has a strong commitment to humanitarian activities. Sometimes donors proposed themselves as voluntary coordinators. Sometimes, the marketing staff recruits the coordinator based on references of donors or the other coordinators. For example, the marketing staff can ask a coordinator of BCA JI. Sudirman whether he knows a colleague in another branch who can be recruited as a coordinator.

“It will be a great advantage for us if the coordinator post is a manager, personnel department head, or cashier/financial officer of an office or company. The do-

nation can be collected easily because the other donors will be more respectful. Also, donors will be more motivated to share their donations regularly. It will be much simpler if coordinators are financial officers or cashiers, so that the fund can be directly deducted from the donors' salaries. But coordinators may be security officers, cleaning service staff, or ordinary employees. If the coordinator is a manager or division head, he assigns the fund collecting in his office to the secretaries or office boys."

YDSF motivates them with special incentives. For instance, every celebration day or their special day such as a birthday or a wedding day, the foundation sends them special cards for that event. YDSF also invites them to take part in the various religious events or ceremonies and other Islamic preach gatherings. The foundation also encourages them to practice their religion by sending them Al Qur'an citing teachers or Friday's Preachers to their offices, as well as by providing them with all the necessary information.

Jauhari Sani, the manager of the data and documentation center of YDSF added: "Moreover, YDSF gives top priority to coordinators who are proposing funding assistance for foundations or individuals. *Al Falah Magazine*. The quantity of our donors have been rapidly enlarging since 1990, as we started publishing our new, well designed magazine. As a matter of fact, publication has been one of our instruments of fund raising since our... establishment. In line with our donors

growth, we always attempt to focus developing and improving quality of the magazine such as making its layout and display more attractive, using better papers, employing more different techniques of writing and adding number of pages.

"In the context of our organization development, the magazine publication should attract donors. We use the magazine to promote our mission and programs. We call for their donation and we give them the magazine free, except for the delivery cost of Rp. 2,000 per month, which is small considering that the price for outer readers is usually Rp. 4,000. So, they basically can get double benefits, that they are not only helping other people from their charitable practice but also they are broadening their religions knowledge.

"Secondly, when we give our magazine, we build up their trust and awareness of the organization. The magazine also gives financial report and budget spending so that they will have clear information about their donation. We also inform them about the successful completion of several physical projects or social programs that they funded. Therefore, they become convinced that their donations are properly managed and useful.

"Thirdly, the magazine delivers religious teachings to its readers. The content is not all about YDSF but it also contains information and activities relating to Islamic developments. We print around 49,000 copies every month, averaging 28 pages."

Zakat Donation

Kismanto said: “Despite our 14 years of service and dedication to the community by collecting some Rp.300 million donation every month, we still feel that the things we have done are still not much and not something we are proud of. In fact, we cannot fully manage the potentially large amount of zakat. Nevertheless we received good response from our donors and we received Rp. 150 million yearly with much less effort than the infak donation. However, zakat works best in the fasting month of Ramadhan.”

Some of the fund collectors carry out the promotion and marketing of this program. They target managers, heads of personnel, and other division heads who earn high incomes. The collectors also visit exclusive housing areas where the middle and upper classes reside.

Pena Bangsa and Sahabat Asuh Programs

Sri Redjeki, the program officer, explained the idea: “The idea of organizing this program is to save students who drop out of school or who cannot continue their study on account of lack of money. We look for anybody to become foster parents to help in a year of education. For example, for the elementary level, the minimum donation is Rp. 20,000 for each student every month. For higher levels like junior and senior high, each student will receive respectively Rp. 25,000 and 35,000 every month.”

The pena bangsa program was officially launched in August this year. The launching program began with scholarships given to a number of foster children. YDSF placed ads in their own magazine, *Al Falah*, and in several newspapers. YDSF encouraged the children themselves to apply for the scholarships.

“We actually made a small mistake when the program was launched as there was a miscalculation between the donations and the number of students granted. The extensive promotion was not in balance with the fund raising effort so that the grants we offered could not accommodate all the students who applied. We were very surprised when this program received 8,000 applications in the first launching and we could only grant 305 scholarships.

“Soon after the program’s launching, we attempted to find more donors. This effort resulted in 600 donors who committed to take part in this program. Most of them are our regular donors. The funds worth Rp. 20 million every month can finance 1,000 foster children.”

Sahabat Asuh Program (Foster Brother and Sister) followed from the Pena Bangsa Program. According to Sri: “If the program is foster parents, it means all about parents. But if it is sahabat asuh, it means that their kids can be involved. They are usually kids of rich parents so that they can become our donors at a very young age of 3 to 17 years. The donation package is similar to the package for parents. This program definitely is a good

education to the richer kids. The program may encourage their awareness towards social solidarity at an early age. The parents also feel happy to see their kids making more friends as well. Because this program is new, we only have 60 donors so far with donations ranging from Rp. 5 million to Rp. 7 million each month. There are only 50 foster brothers and sisters. Nevertheless, this program seems to be working out well.”

YDSF provides easy access for all its donors to send in their cash by opening an account in Bank Niaga. YDSF utilizes Bank Niaga’s saving facilities such as auto debit and Tapen (Tabungan pendidikan) —a savings account or deposit. In turn, donors are encouraged to use Bank Niaga. Saving accounts are debited directly. Bank Niaga delivers the list of names of donors and their current account bills to YDSF.

Partnership Method

According to Kismanto this program focuses on mosques, schools and orphanages that encounter construction delays due to lack of budget, and on institutions with insufficient funds for orphans or dakusah (moslem preaching). YDSF assists them with space in its *Al Falah* magazine special column (“Proyek Ummat”). The editorial staff writes on their situation and to give a wider exposure to the community. Their plight would appear in the *Al Falah* column as a primary discussion topic. Through the news coverage, “the potential donors can observe the urgency

of the program. For example, students who live in villages or remote areas will have to confront particular obstacle like being not educated if their school building is not yet complete. So donors concerned about this situation may provide financial support to finish it.”

In one year, YDSF handled 10 partnership projects. Donations ranged from Rp. 50,000 to Rp. 1 million. A single project received from Rp. 50 million to Rp. 250 million. The foundation stopped collecting funds once the funds reached the estimated project budget shortfall.

The Future of YDSF

Kismanto pointed out: “The key of our success is that we strive for excellence when we reach out to our many donors. Because the flexible membership mechanism does not obligate the donors, we must work very hard to keep our donors loyal and devoted to our program.”

YDSF plans to expand certain activities such as the KAAFAH (Actual Study and Discussion Forum of *Al Falah*), zakat consulting via internet, Islam consulting in the *Al Falah* magazine, forum of silaturahmi dan haal bihalal (Moslem bonds of friendship and gathering) of *Al Falah*’s donors. YDSF plans to expand several services like the preparation for obituary services and ambulances for the donors and their families who pass away, a club for executive donors called the Manajemen Qolbun Salim (MQS) Club. YDSF plans to establish a radio station.

Kismanto said: “We thought of establishing a radio station five years ago, but it is just now that we think about it seriously. We have already received waqaf-land (grant of property for religious use) to locate our radio station. By 2003, the radio station will be on the air. We can do better monitoring and evaluation of our programs and provide better service to our donors. We can broadcast all programs and other information to reach a larger audience effectively and faster. We realize that we must spend money but we are convinced of the advantages and we hope to get donations for it.”

YDSF plans to undertake waqf, a donation in the form of land or building or permanent assets. The foundation has experimented with options for waqaf. For instance, if land costs Rp. 25,000 per square meter, a donor who donates Rp. 100,000 is automatically considered to have bought four square meters of that land. Total donations would be collected to buy the land needed.

The foundation also established a partnership with LSM 129 led by Nani Wijaya (The vice director of Jawa Pos) in coordinating scholarships for 100 foster children. YDSF plans partnerships with the Islamic Education Consortium and the Orphanage Consortium and wants to become a service center for narcotics and drugs abuse. YDSF initiated the Gerakan Donatur Peduli (Donor Cares Movement) as a way to discuss potential social programs. This program presently includes several activities such as harelip surgery,

and provisions for food and medicines.

YDSF in the past accepted any eligible application. Starting last year, the foundation set a policy that no grants would be allowed for application that were not recommended by either donors or coordinators. YDSF reaffirmed its priority to finance education and HRD programs. The foundation plans to distribute more than 50 percent of funds collected to scholarships, to deliver training and other relevant HRD programs. Internally, the foundation plans to focus on human resource enhancement as a crucial long-term strategy.

Finally, despite the huge funding potential in Surabaya alone, Kismanto admitted that, “it is not easy for YDSF to collect funds. The number of Moslem followers in Surabaya is around 3.5 million people, we get only 89,000 people. In the next five years, we can expect to target 1 million donors. We need to work hard to achieve the target. In fact, there are already two other similar foundations in Surabaya. They came to us to learn. We do not consider them as our rivals, but more as partner with the same visions to develop our community. We are glad that our strategies can be applied by other organizations after all.

“YDSF is also... expanding its coverage by opening more branches to several cities. We will open offices in Jember and Malang. These two cities are undoubtedly promising to generate funding sources because the people there are well-educated and have higher incomes. The next step

will be in Gresik, Sidoarjo, Lamongan and Mojokerto. We will also promote this kind of fund raising strategy to several other big cities in Java like Semarang, Bandung and Jakarta.” ►

Notes

- 1 There are two types of Islamic charity. There is zakat, which is obligatory, and is the right of the poor over the wealth of the rich, which amounts to 2.5% of the year's savings. The word “zakat” itself means “purification,” and the purpose is to purify legally earned wealth. The other is sadaqah, or voluntary charity, which depends on need and the amount of excess wealth. Infak is basically the same as sadaqah but used as dedicated by the giver.

Case 5

Yayasan Manusia Indonesia (YASMIN) Indonesia Humanity Foundation

Introduction

Have you ever thought that your used and second-hand goods may secure the education and the future of children of poor families? Have you ever imagined that a piece of second-hand clothing or houseware of yours could make you their caring parents?

That is a quotation from one of Yasmin's newspaper advertisements. This foundation seeks funds and charity from society to overcome the lack of education faced by unfortunate children. One effort is to collect used products and sell them. Toko Barbeku is a second-hand shop that belongs to Yasmin. The income, after deducting operational expenses, goes to fund the educational programs that Yasmin runs.

During the economic crisis that struck Indonesia in 1997, the rupiah's value fell to 12,000 rupiahs to one US dollar. Inflation rose 100 percent and economic growth declined by as much as 15 percent. Many people lost their jobs. Their purchasing power declined and they fell into poverty. An increasing number of children left school early because the cost of education became prohibitive. Consequently, the number of street children increased threefold.

Ir. Haidar Bagir, MA, the chairperson of Yasmin, believes that "in spite of the economic crisis, education is an asset and investment for our children to take hold of their future. If we want to make our children's future better, we must improve their education. With education, they can avoid the 'structural poverty' which their parents for years suffered. Therefore, Yasmin focuses on deserving poor children."

To meet this problem, Islamic traditional schools give academic scholarships or awards, but this effort is not considered sufficient. Other complications are the low level of interest in study, low qualification of teachers, inadequate study and teaching facilities, irregular standards of curricula and systems of education.

According to Ir. Haidar Bagir, "Improvements must include four aspects: the teacher, the student, the educational facility, and educational management. Therefore, we need an effectively integrated and overall program to solve all these problems."

History of Yasmin

In June 1998, Yasmin became a social nongovernmental organization (NGO) with a mission to encourage Indonesian

human resources quality through educational institution development, focusing especially on Islamic traditional schools or madrasah. The madrasah has strong Islamic character and outlook and managed by Islamic institution.

Haidar Bagir explained the reason for choosing the madrasah: "Among educational institutions in Indonesia, the madrasah is still perceived as a second class institution. Besides, it apparently appeals mainly to students from poor families. People also consider it to have poor standards. Consequently, the madrasah has trouble getting qualified students and to improve its quality of education.

"But madrasah plays an important role as an alternative education for poor children. In spite of the lack of quality, these schools can provide education cheaply, for any social level, particularly among the lower class of society. In the present time, there are no fewer than 72,650 madrasah and around 5.7 millions kids, mostly from the low class of society, are its students from kindergarten level to senior high level (Sekolah Menengah Umum or SMU)."

Ir. Haidar and his colleagues do not rely solely on contributions and subsidies from the government. "The government's attention was on the crisis," he said. "Economic recovery, such as the bank restructuring program, opening new job opportunities, and so on, became the priorities. The government had to act to re-establish political stability and security since there were so many demonstrations

against the government. So, the problem of education was almost forgotten. That is why the Yasmin foundation must have its own financial budget for its programs and activities. Besides fund raising ability, the foundation must have a corporate unit that may be a money-earning source for the foundation."

The foundation's initial operational capital came from the contribution of the founders. Mizan Foundation, one of the founding boards, donated Rp. 60 million, while KAUM (Komite Aksi Pemberdayaan Masyarakat) lent Rp. 30 million to Yasmin. Some other members of the board of founders contributed around 1-3 million rupiahs each, based on their financial capacity.

The foundation rented a shop office located in the area of Gandul, South Jakarta, for the foundation office, and the remaining space was for the second-hand goods shop, Toko BBM (Bursa Barang Murah) or cheap second-hand goods shop. The idea came from Haidar Bagir and Zaim Saidi. Ir. Haidar said: "I got this idea when I went to study in the United States, while Zaim got it when he was in Australia. There we found institutions that successfully funded activities by trading second-hand goods. They have some outlets in several countries. It is a kind of second-hand superstore. Oxfam, one of the world's biggest NGOs, has the same idea, and succeeded in funding their programs through the second-hand merchandise business."

Ir. Haidar continued: "I want to cre-

ate a foundation or NGO that can be applied by others. Even if this single NGO works out, it is not possible to say that those thousands of madrasah can be all financed. So we need to set up a model that can be replicated anywhere. We plan to set up centers for madrasah development and each of them will have their own productive commercial unit.”

By 1998, Toko BBM was selling not only second-hand goods from donors but other goods as well. The shop’s name was changed to Toko Barbeku (Barang Bekas Berkualitas) or “quality second-hand goods,” to better advertise the merchandise sold in the shop.

Yasmin opened two branches in Duren Tiga and Blok M. However, these branches were not as successful as the main shop and closed within the year. “We grew without good preparation. Consequently, the shops did not go well because of poor location and inexperienced persons to manage the shop,” said Ir. Haidar. “By focusing on one Toko Barbeku in Gandul, we can be more professional in taking care of it.” Income rose from Rp. 133.6 million in 1998 to Rp. 587.4 million in 1999.

A second program was begun in June 1998, the “Bringing Up 1,000 Children” or “1,000 Anak Asuh” program, that aimed to get more people directly involved in giving scholarships to students funded by the foundation. From June 1998 to May 1999, Yasmin granted scholarships to 708 of 1,000 children (70.8 percent). Most scholarships were financed by the

fund from regular donors. From June 1999 to May 2000, this program reached 1,200 children and raised Rp. 212.7 million from 165 donors.

Yasmin also attempted to improve and enhance the teachers’ capability and quality. From July 1998 through 1999, Yasmin set up professional training programs for teachers, such as English teaching training, Islamic-based physical sciences training, and internet and multimedia training. “A research conducted by the Department of Religion showed that 60 percent of madrasah teachers did not meet the standards, 20 percent were not matched to their field of interest, and only 20 percent were qualified.”

Therefore, in September 1999, Yasmin partnered with STAIMI (Sekolah Tinggi Agama Islam Madinatul Ilmi) and established the D1 (Diploma 1) and D2 level programs for madrasah teachers who were usually only high school graduates. This program, Pendidikan Guru Madrasah / Ibtidaiyah (PGMI), granted scholarships to 30 teachers.

In order to deliver additional skills and an alternative activity for madrasah students, Yasmin opened Sanggar Kreatifitas Yasmin or Yasmin Creativity Studio/Workshop in mid-1999. Initially, this studio intended to train students in music. Located in Yasmin’s office, this program proved very interesting to many, so the foundation expanded the facility with more equipment like computers and library facilities. The studio entertained many visitors every day, from students to

teachers of madrasah who desire to learn computer or music, to readers of the library's book collection. "This studio will later be developed to become such a skill education institution with professional programs for computer and English."

Organizational Structure of Yasmin

According to Ir. Haidar, in the beginning, not many people were involved. The founders, Haidar Bagir, Rahmad Riyadi and Zaim Saidi, created all the programs and developed the structure of the foundation. "To make it more efficient, the organizational structure is simple. The staff double up on some positions. The board of founders is also the board of donors. The members of the board take an active part to make up for any funding gap. I, Mr. Rahmad and Zaim try to contact and send letters to our friends to help us with their donation for our programs."

The founders also sought people for possible recruitment. "Some are recruited through friends, through word-of-mouth, others are recruited through ads in newspapers. Mr. Dahlan, for example, the education affairs manager, was recruited through a newspaper ad. He also worked on his postgraduate program on the madrasah. A friend who knew his reputation as a successful entrepreneur in second-hand products recommended Mr. Bambang Irianto, manager of Toko Barbeku. And some people come to the Yasmin office and offer themselves."

Yasmin's board of founders determines the foundation's overall policies. The board of directors conducts its daily operational management. The directors are the chairperson, secretary, treasurer and vice-treasurer. Some directors come from the board of founders. One manager handles all educational and administrative affairs. Another handles Toko Barbeku. The two sections have a third unit, to help promote Yasmin's activities. "Even though the organizational structure seems simple and efficient, each section still cannot accomplish their duties, because the directors who become coordinators and are responsible for daily work cannot get involved full-time. They have jobs in different places and their positions in Yasmin are voluntary."

Therefore, the board of founders recruited a general manager, assisted by a deputy GM and an administrator. The trio deliver the working report to the chairperson of the foundation. The board of directors supervises the GM and the other managers, while the board of founders continues to determine general policy. "I am of the opinion that social work is almost the same or even more demanding than any kind of business work. This social work must also be handled professionally. It is impossible to say that an NGO can progress and give great contribution if it lacks professionals who can take care of the NGO as an enterprise. There must be persons who are able to manage that institution full time and they deserve a proper salary."

Yasmin does not have written regulations about responsibilities, authorization, or job descriptions for each of their personnel. “Nevertheless, they still can do their jobs by paying attention to the advice and instructions given by the board of directors. Within this context, each section manager had full authority.”

There is an annual meeting to draw general policies for the incoming year and to evaluate previous programs. Operational policies are determined in monthly coordination meetings between the general manager and the other managers. “Business affairs, for example, managed Toko Barbeku as a profit center. Previously, all the profit was taken out to cover all the program costs, to pay salaries and overhead. It was not good for the business that all the profits went to the foundation. Now, the donated merchandise belongs to the education section that gives it to the shop to resell. The shop then takes a 10 percent margin from the sale. Accounting of each department is separately handled and is consolidated in the final report.”

Fund Raising Strategy

Second-hand goods donation

According to Bambang Irianto, the manager of Toko Barbeku Yasmin: “For middle-to-upper classes of society, disposing second-hand goods sometimes is a problem. In reality, they can give something helpful and valuable for the unfortunate brothers by donating second-hand

goods. This second-hand trading also provides opportunities for them to purchase other goods at lower prices than they can afford to buy. And by Islamic precepts, giving to help in the poor kids’ education is ibadah (devotion).

“Fifty percent of the proceeds go to the scholarship program. Thus, the donors automatically become caring parents right after their goods are sold. The other 25 percent finances social development programs, such as teacher scholarship, allowance for successful teachers, and public health service subsidiary. The last 25 percent cover the operational budget and educational program overhead.”

According to Bambang, at first the Yasmin staff expressed uncertainty that this fund raising effort could work. But, after one year, the activity from June 1998 to December 1999 generated almost Rp.50 million, most of it for scholarships.

The balance of funds sustained the madrasah development. For example, money went to open the studio/workshop, to grant scholarships for madrasah teachers, to give allowances for successful teachers, and to operate a health service subsidiary for students and teachers. Since June 2000, Yasmin has listed 150 donors of second-hand goods. The total amount of goods collected was Rp. 44, 237,300.

Yasmin personnel do not depend only on the shop. “At first, we believed that there are many things that we could do with the money. When it just started in the first few months, we already re-

ceived millions worth of second-hand goods. However, then we realized that this program actually faces limits. For instance, the bulk of second-hand goods are limited in quantity per item and usually remains the same in model or type. Furthermore, the second-hand goods are clothes and stationary. We rarely receive electronics, furniture and other durables in large quantities.”

BBM started by collecting second-hand goods from close friends of Yasmin personnel. Then, to get a wider range of donations, the foundation advertised in *Republika* daily newspaper. This daily newspaper had a special column for second-hand goods called Barbeku.

At the time, the column was not as successful as expected and the newspaper management intended to close it. So Yasmin management approached *Republika* to keep the special column and let Yasmin manage it. Bambang said: “The deal was to have one-fourth of a whole page to advertise our merchandise every Saturday at a cost of only Rp. 200,000.” The Barbeku column became a trademark for Yasmin’s business. Toko Barbeku sold three types of goods: donated goods, deposited goods, and traded (buy and sell) goods. The foundation pioneered in selling donated goods. As of June 2000, the program has collected funds worth Rp. 74,571,650.

Members of the community who needed cash deposited their goods in Barbeku for sale, and the foundation took a margin of 15 to 20 percent of the sell-

ing price. As of April 2000, this activity has generated Rp. 600,103,275.

Trading generally included merchandise like housewares, furniture and electronics, and also larger and more expensive merchandise such as motorbikes and cars. Yasmin’s margin is 30-50 percent. As of April 2000, the turnover income from the three model businesses has totaled Rp. 1.2 billion.

Yasmin’s Barbeku shop is better compared with flea markets or similar small businesses. All Barbeku goods have their own distinct description and a completely computerized database. The goods are sold only if in good condition (80 percent to 90 percent) and with a quality guarantee. Barbeku also provides technicians who are available any time customers need help to repair their broken goods. Barbeku offers a delivery service for any customer and makes sure that their goods arrive in their homes safe and sound. Customers to Barbeku come from the different classes of society, and not only from Jakarta but also from Java. Prices are higher than at flea markets, but the selling prices are usually cheaper by 50 to 60 percent compared to brand new merchandise.

To man the shop, Bambang Irianto has six assistants: a shop headman, a surveyor, a cashier, a shop attendant, a technician and a warehouse administrator. The annual selling income ranges from Rp.60 million to Rp.100 million. After accounting for all costs, around 20 percent of the profit goes to the foundation, which now

has a total asset base of Rp. 70 million.

1,000 Children Program

Yasmin began the program in September 1998 with an advertisement in *Republika*. The ads contained a call for all people to donate their money specifically for children scholarships. Dahlan Hasim coordinated the program and noted that “they are interested to come or to call Yasmin office for further explanation and information about this program. Some want some brochures to be sent to their homes or companies. The foundation also often makes active moves to visit them to explain about Yasmin programs.”

Yasmin sent out application letters to prospective donors with brochures containing the profile and activities of Yasmin. The management of Yasmin also tried to foster closer relationship with other social institutions that usually give scholarships. “The latter strategy is not going as we expected, because we do not have much information, and no one in the foundation management has the time to meet all those institutions.”

From June 1998 to May 1999, the foundation raised Rp. 138.4 million to finance 708 scholarships. In the second year, the fund collected Rp. 212.7 million, from 165 donors, enough for 1,200 children. “Sometimes, only one donor takes care of one child, but there are also donors who give for 10, even 200 kids.”

A child in elementary school SD/MI receives a monthly donation worth Rp.

15,000. Junior high school SMP student receives Rp. 20,000 a month, while student of high school receives Rp. 15,000 a month. The amount for studying in higher education or college is Rp. 60,000 monthly. “With that amount of donation, the student who gets funded can afford to pay the tuition fee and the Evaluasi Hasil Belajar (academic examination) cost, and to buy school necessities and uniforms.”

Donors can choose to give the scholarship money every three months or in full for one year, to Yasmin’s bank. To maintain the donors’ trust, the Yasmin management sends financial reports regularly. In every final evaluation study or EHB (Evaluasi Hasil Belajar), the donors receive copies of the students’ evaluation report so that they can keep track of their students’ academic progress.

Direct mail and personal approach

Dahlan said, “Ever since Yasmin started, we tried fund raising through direct mail. We send letters to some of our friends and relatives to inform them that we have a foundation as well as to ask them to participate in funding it. We then ask them for a convenient time to explain what our foundation is like. Through this kind of personal approach, some prove willing to give, either in cash or in goods. Cash donation usually ranges from Rp. 500,000 to Rp. 8 million, while donated goods are preferably housewares and electronics.”

According to Dahlan, direct mail should be selective: “It has to avoid going over budget, spending on unnecessary things, since this program costs a lot of money. Expenses for papers, copies or courier fee, and another operations add up. We need to be sure that we have truly eligible and capable persons to be donors before we send them brochures or letters. If we are not well-informed, we are better off not to send an application form. With this approach, among 100 letters sent, almost half of it generated a good response.”

Direct mail also sustains the harmonious relationship with donors in the hope that they will become permanent donors of Yasmin. For example, donors receive the *Warta Yasmin* bulletin regularly. The foundation also sends detailed financial reports on both cash donations and goods donation, and its fund spending. This report goes to the foundation donor’s house several days after receiving their donation. For the scholarship donors, the foundation also forwards data on their upbringing of the students as well as the student’s evaluation report. “This is all done in terms of building good image of the foundation.”

Media campaign

According to Dahlan: “If we compare a media campaign with other strategies like direct mail and the personal approach, the media campaign model appears to be cheaper and more affective. By putting ads

in newspapers or magazines, we can reach many more potential donors because our ads are more likely to be read by many more people. Moreover, our ads are placed in many papers. The media campaign may cost less than a commercial ad even in some mass media, because some spaces are freely given for these ads on the condition that the newspaper is listed as one of the sponsors for the activity. The media want to establish an image that they are concerned about social or public services activities. This is a kind of mutual relationship for both sides.”

The Yasmin ad usually appears every Saturday in *Republika*. Barbeku shop visitors said that they learned of the shop’s existence from the newspaper ads. Donors who participate in the donated second-hand goods and upbringing children programs also acknowledged that they learned about Yasmin from ads in the mass media.

Besides *Republika*, Yasmin also displayed its ads in several tabloids—*Adil*, *Tekad*, *Daulat Rakyat*, *Duta Masyarakat*, *Warta Kota*. “Choosing these mass media is not a careless decision at all. We see that the readers of these media have something in common with our previous donors who contribute their money for the foundation all this time.”

Yasmin has also invited journalists to Yasmin’s office to report on different activities and shows, to strengthen and enhance Yasmin’s image in society, and to create free publicity for the donors.

Special events

The first special event was the soft launching of the foundation on December 8, 1998. This event coincided with the launching of the "Bringing Up 1,000 Children" program and the book *Madrasah dan Tantangan Modernitas*, written by then Minister of the Department of Religion, Malik Fadjar. Some national figures like Adi Sasono, the then Minister of Co-operation Affairs Department, the Head of IAIN Jakarta, Azyumardi Azra, and other respected public figures expressed their willingness to donate to Yasmin. Malik Fadjar donated Rp. 5 million, while Adi Sasono donated Rp 3 million. They also succeeded in collecting funds at second "1,000 Upbringing Children" launched in Wisma Antara on December 4, 1999, with then Indonesian First Lady, Hj. Hasri Ainun Habibie in attendance.

Dahlan, in addition, noted, "Every year, Yasmin holds a meeting for donors who participate in the upbringing children program. This kind of event is held in order to build the program image and to demonstrate transparency in managing the funds collected from the society."

Another event was to sponsor a concert, which featured Snada (an a capella vocal group from Malaysia), and a national artist, in January 2000. The foundation also sponsored the Hadad Alwi and Sulis concerts in mid-July 2000. "However, in the Snada and Hadad Alwi concerts, not much funds were received. Nevertheless, these events have made a

great impact among the community, to make Yasmin well known among the community."

Donor profile

As Dahlan explained, "In general, Yasmin does not yet have permanent donors. This is probably caused by our mechanism that does not have a membership system that continuously engages them. Donors usually give based on their conscience, after reading Yasmin's ads. Therefore, the management must work harder. However most of the Upbringing Children Program donors routinely donate money and they act as foster parents for their respective foster children."

These donors were typically professionals, private enterprise employees, government workers or housewives from the upper-income classes. They generally had a net income above Rp. 1 million, were 25 to 65 years of age, were Muslim and lived around the area.

Challenge and Future of Yasmin

Haidar said, "One of our weakness is that not all Yasmin management has the capability to raise funds by lobbying with funding agencies. As of now, we do not get any donations from both local and overseas aid agencies. This is what motivates us to build 'donation boards' whose members are public figures from different sectors, or other public figures with influence and power.

“Some respected figures to be recruited according to the plan are Didik J. Rachbini (an economic expert), Said Agiel Siradj (an ulama from Nahdhatul, the biggest religious group in the country, a respected figure), Fathi Siregar (a businessman), Miing Bagito (a comedian and presenter), Abdillah Thoha (from the Partai Amanat Nasional, a political party). They already gave us the green signal and we met them several times.”

About Toko Barbeku's future progress, Haidar explained, “Even though once we failed in our geographic expansion, we believe that we still have enough demand to expand this shop by opening some branches all around regions. But another person or institution should carry this out, not us. We should not lose our focus on our present shop that we believe is not yet optimized.

“We also want to increase our revenue. Until now, our margin of Rp. 18 million is only enough to cover Barbeku's overhead, educational program financing and foundation costs. That is why we built the shop-plus-office. It saves on rental cost, so the shop office can accommodate more goods. To expand further, we need investments worth Rp. 370 million. To get that much money, we need to cooperate with some persons or institutions interested in becoming one of the capital holders.

“We also offer an opportunity for the community to take part in managing Toko Barbeku. First, they can invest their money or goods by buying capital shares

within an agreed deadline, but they must fully trust the investment management to us. They will share in the profits according to a percentage that we decide on. Second, we can set up a franchise model. People can open second-hand trading shops with our name, at any place considered strategic and promising. But some of their selling revenue, after operational costs, will go to Yasmin. This second model can be done since Yasmin has made much progress and has now become a branded image that sells well.

“We propose to apply both models because we see many donors who actually have invested their funds for charity, and they also still have more money to give. We will tell them they can invest their money in Yasmin without being afraid of losing it. The money is not ‘gone’ because it turns into an investment in goods, in a shopping business whose value will not decline. They also have a chance to earn on Barbeku's net profit.

“We are considering selling new merchandise. However, this market may not be as big as the second-hand market, and can result in some loss of our unique character. We definitely need large investments to enter this business because turnover is not as fast as in the second-hand goods business. However, this business still earns more than if we invested our money on bank deposits. We might start in a limited way by cooperating with selected manufacturers and selling their products in our shop on a consignment basis.

Haidar Bagir, the head of Yasmin's

board of founders, left in August 2000 for the US to pursue further studies. He hopes to return in two years. Yasmin is now in the hands of his team, led by Rahmad Riyadi, the General Manager, supported by his deputy, Hasyim Anshori, and the other three managers (the Barbeku, program, and financial managers).

As of October 2000, Yasmin has set up most of the preliminary stages and the basic needs for pursuing the plan. The board of trustees, consisting of 11 prominent figures, met twice to discuss and endorse the general policy. Yasmin set up an Excel-based donors' database, though it still needs more improvements in order to easily identify the donor profile, and monitor the progress of donors—the new entries and the mortality.

“By having the database it is expected that our donor base can be systematically developed, and the fund raising strategy can be more effective,” Hasyim Anshori explained. In addition to managing the donors, the database also monitors the progress of Yasmin grantees (especially the students). This helps Yasmin to better serve the donor who wants to know the status of his or her contribution. To enhance promotion and public communication, Yasmin had a website set up.

The newly established board of trustees approved the two-year investment plan and the major development program. Initial fund raising has started. One of Yasmin's listed donors donated Rp. 50 million for the plan. Haidar himself put his own personal Rp. 40 million dona-

tion, in addition to some donations provided by the other trustees. Yasmin has purchased a piece of land, around 360 square meters, and has prepared a master plan for the new Yasmin building for office space and for the outlet two hundred meters away from the original rented building.

According to Hasyim Anshori, “The most likely approach to realize our major plan this year or early next year is to invite several investors who want to socially invest their money to build this social enterprise. They will own 50 percent of the assets, while the foundation will still own the other 50 percent. This activity, of course, needs to be professionally managed, but the proceeds will be for social progress.”

The total investment is not a small sum—around Rp. 700 million. According to Hasyim, at least three potential investors expressed their interest to help Yasmin to fulfill the plan. ▀

Case 6

Pancur Kasih Social Creation Foundation (YKSPK)

Introduction

Donating money is something very common to Indonesians. It is part of their culture and part of their religious conduct. The tradition persists in many tribes all over Indonesia with different characteristics. The Javanese, for instance, call the tradition *Jimpitann*—to save some of their paddy staple food for various social activities.

The above tradition also exists among the Dayak people of West Kalimantan. The Dayak, particularly those living in the countryside, still practice traditions such as *Buah Sulung*, *Ale'atn*, and *Adat Persaudaraan*—to contribute some of their money or goods for public and social activities.

The Pancur Kasih Social Creation Foundation (YKSPK) of Pontianak, West Kalimantan, established by the Dayak community leaders, tries fund raising through this contribution-making tradition. The tradition also translates into economic activities, such as the credit union program.

History of Pancur Kasih

“Foolish, primitive, and lagging behind” are stereotypes associated with the Dayak people that greatly upset them.

Some Dayak community leaders established a Dayak Party in the 1950s to raise the political power and solidarity of the Dayak people. Unfortunately, that movement was not effective. Some groups tried to abandon their identity and personality as Dayaks. They argued against the use of Dayak names that supposedly connoted backwardness. Some wanted to alter their names and identities as they felt embarrassed being Dayak people.

In the 1980s, several Dayaks who worked as teachers were concerned over the severe life of the Dayak people. They did not believe that Dayaks could not become rich or smart. They believed that they should not be embarrassed about being Dayaks. These teachers established the Pancur Kasih Social Creation Foundation (YKSPK) in 1981, for Dayak people to explore and develop their socioeconomic potential. “Since most of them were working as teachers, they had focused their kickoff program on education initially, which was realized with the establishment of a secondary school. The school was established for Dayak people and other ethnics with similar life background. The foundation’s office space and classes were carried out in other foundation’s building that could only be used in the afternoon,” said A.R. Mecer, one of the teachers and

founders of YKSPK.

Aside from the Dayaks, the school takes in students from the Chinese and Malay Indonesians. For its first period, the school registered 160 students for three classrooms. Each student had to pay a registration fee of 20,000 rupiahs and a monthly tuition of 3,000 rupiahs. The funds were initially allocated for the foundation's management budget, the teachers' remuneration and overhead.

Within three years, the foundation was able to construct its own school building, amounting to 9 million rupiahs, from the foundation's cash and church donations. The school building of nine classrooms was constructed on 700 square meters of land. At the same time, the school also opened its registration for high school students. The new school had 350 students and 350 students in the secondary and high school levels, respectively.

In the fifth year, the foundation developed its working areas by initiating and assisting school development in some countryside areas. The foundation also provided the people with education facilities and staff. In addition, the foundation began to work on other fields outside of education. In 1987, the foundation established a credit union called Pancur Kasih Credit Union (PKCU). The program was initially for the teachers and staff of the foundation, but it soon opened its membership to the public. Starting from an initial capital of 2 million rupiahs generated from the

primary saving, compulsory saving and voluntary saving of its 82 members, the union increased to 12,000 members with total assets of 14 billion rupiahs and dividends of 1.5 billion rupiahs.

The foundation also established PEK (Pemberdayaan Ekonomi Kerakyatan) or PEE (People's Economy Empowerment), to deal with credit union expansion and supervision. PEE provides technical assistance and deploys its experts to manage new credit unions. PEE already supervises 18 CUs in five districts of West Kalimantan.

In 1992, the foundation initiated a fund raising program through the Dayak Community Solidarity Fund. The DCSF seeks funds for various social and humanitarian activities and over the years has increased its membership to more than 10,000 members with total donations of 300 million rupiahs.

The success of DCSF has motivated the organization to design other fund raising programs with more specific purposes, such as Health Solidarity (a fund raising program for health assistance), Pension Fund, and scholarship programs. The foundation also designed several divisions or autonomous organizations as program units of the foundation. IDRDI (Institute of Dayakology Research and Development), for instance, began with a small research team assigned in 1992 to study Dayak culture. The *Kalimantan Review* began as an internal magazine of the foundation and has become a best-selling local commercial magazine. Some other

organizations that later became autonomous were LPPSEK (Supporting Agency for Rubber Farmers Socio-Economic Empowerment), LBBT (Supporting Agency for Banua Talino). In order to strengthen coordination and association between the foundation and these agencies, the foundation formed a Pancur Kasih consortium in 1998.

Since 1992, the organization has associated itself with several NGOs and international funding agencies, like Ford Foundation, USAID, CIFOR, among others. They provide the foundation with both financial and technical assistance to expand CUs, and to undertake people's forestry mapping, organic farming, and cultural studies. These partnerships increase YKSPK's experience and access and provide additional funds and staff skills.

Within a period of 20 years, YKSPK has become a large and independent organization spread all over West Kalimantan. Almost 70 percent of its operational costs come from domestic sources and 30 percent from funding agencies. Funding agencies only assist with the development programs, while operational and overhead costs are covered by business units run by the foundation. Currently, the foundation employs a staff of 214, 30 percent of which comprises the administrative staff, with total assets of more than 4 billion rupiahs.

Internal Stakeholders

According to Mecer, the foundation started with a very simple organizational structure. "I myself was appointed as chairperson and assisted by some colleagues as vice-chairperson, secretary and treasurer. We only had one program coordinator (education program) who also served as the school headmaster. Several board members also served as teachers for our established school due to the limited teacher's assistants." Mecer chaired the foundation for 15 years before Paulus Florus replaced him in 1998.

Reorganization came in the fifth year when the foundation created several other divisions. Several program coordinators were also assigned to coordinate the credit unions, DCSF, and so on. In 1994, the CU ran as a cooperative unit, managed professionally and separate from the foundation. Other programs like IDRd, the *Kalimantan Review*, and other programs were also set up with the end in mind to be autonomous.

The board of trustees, appointed in 1995, supervised the board of directors and the old activists. The 15 trustees included the founders, ex-board of directors, Dayak community leaders, and representatives of the autonomous organizations of Pancur Kasih consortiums.

The board of trustees has the supreme authority, including the appointment of the chairperson and other core managers. The trustees actively share inputs, and supervise and evaluate the performance of

the board of directors. The board of directors changes every three years. However, the board of trustees can replace directors if they violate the organization's vision and mission. The evaluation and reporting of the board of directors' tasks and duties, as well as proposals for subsequent programs are reported in the organization's annual meeting.

There are seven members in the board of directors—the chairperson, secretary, treasurer, and two administrative and two financial staffs. Each board director also serves as director of several program units for direct control.

“It is not fair if the seven personnel only work as board members with simple jobs (coordinative works) and paid by each division. The board of directors only deals with strategy and policy analysis. They shall also be involved in the daily activities of the organization. Noberta Yati, for instance, the daily secretary, also concurrently chairs the People's Economy Empowerment (PEE). Her salary is earned from her chairperson post instead of her voluntary secretarial post. I myself serve also as coordinator of the Scholarship Program,” said Florus.

The Role of Board and Staff in Fund Raising

According to Florus, the board of directors and core staff initiate all fund raising programs. The program is first evaluated among the board and core staff as to whether it could be effective or not.

The foundation encourages its board and staff to participate in every fund raising program. All board and staff are members of the CU, DCSF, DHT, Solkes, scholarship program, and so on.

“In addition to their participation, all board and staff shall actively involve themselves in managing and socializing the designed programs. For instance, the board of trustees ought to be active in socializing and networking the fund raising programs. Those who are community leaders can call for their people's involvement in the programs. This may likely be possible as almost all the programs have been designed on the local tradition and culture-based approach. Some in the board of trustees are also serving some business units of the foundation.”

Together with the board of directors, the board of trustees is also actively involved in fund raising programs for the foundation's main savings program. For fund raising and income generation, the board created a Bureau of Institutional Self-Reliance to coordinate all donations and contributions generated through each program unit that are destined for the main saving of the foundation. Contributions from the fund that involve the public funding program require the approval of the program's members. The board of directors is also responsible for the fund raising program design and development.

The foundation allows each business division to generate its own income. All the business units are also permitted to

get sponsors for their program financing. However, the signing of the contract agreement is still made by the foundation as a control measure, as the contract reflected the reputation of the foundation itself.

The foundation drew the general policies on how the programs should be managed. For social and non-profit activities, the foundation partners with both domestic and foreign partners. For business-based programs, financing is generated from the people's fund raising. The foundation also performs a cross subsidy to allow the program to help the "pure" social program.

The cash flow and bank account of every program unit are kept separate although they are still on behalf of the foundation. This policy is aimed at avoiding any misinterpretations.

Strategy of Fund Raising

Credit union

According to Florus, the credit union combines fund raising, capital growth and community empowerment through economic activities. Florus believes that helping the poor through the charitable approach is both effective and sustainable. The concern of the foundation over the poor economy and prosperity of all the teachers of the Pancur Kasih School inspired the establishment of the credit union. Due to their limited wages, teachers often had to borrow money. They did not receive their full wages and sometimes

were even in deficit. This condition decreased their concentration during the teaching-learning process.

Early in 1987, several teacher groups set up the union. The first 82 members consisted of the board of the foundation, teachers, and the school's office boy. It had a registration fee of 3,000 rupiahs, a monthly primary saving of 3,000 rupiahs, and a compulsory saving of 1,000 rupiahs, a starting capital of two million rupiahs. The union lent that capital to its members for emergency cases, with simple procedures, and at a low interest rate.

Over seven years, the CU successfully recruited 2,200 members and now serve 70 to 90 debtors. Sixty percent of the credit is lent for productive use—opening of new business or developing the existing one. It has been used for oil and gas store opening, cattle breeding, furniture workshop, and buying of vehicles for public transport. Each member is entitled to a maximum credit of 25 million rupiahs.

Although West Kalimantan has many commercial banks, the access of "small people" to credit is often minimal. Thus, many people join Pancur Kasih. In 1992, the Pancur Kasih union became a cooperative unit. In the same year, the CU distributed credit of 1 billion rupiahs with a total dividend of 153 million rupiahs. Pancur Kasih CU opened seven representatives in sub-districts and districts outside of Pontianak city.

Florus manages the unit and serves also as treasurer of the foundation assisted

by five full-timers. Currently, the core management of the CU consists of the board of directors, appointed by all members in an annual organization meeting. The board of directors assigns some staffs led by one manager. The manager runs the daily operation of the union.

In 1997, despite the severe economic crisis when many financial agencies failed and went bankrupt, the Pancur Kasih Credit Union grew rapidly. The number of members increased to 7,660 with total assets of 4.6 billion rupiahs and dividends of 536 million rupiahs.

The above increase was achieved due to the professionalism of its board of management in motivating all members, either in Pontianak or some representative service centers outside of Pontianak city. The board also carries out intensive dialogue with the members and education. Every CU member is obliged to participate in the training program on family budgeting system, basic skills of CU, book-keeping, entrepreneurship and management. Furthermore, with intensive training, credit risk is minimized up to 2.7 percent.

The foundation combines the basic principles of any credit union with the cultural values of the local people. "Basically, the Dayak people already had a strong interest in saving. In their daily life, they already use 'Buah Sulung,' which means to save some of their food crops or cattle for their gods or universe. In a cooperative unit, it comes in the form of saving their money and income to help both

themselves and others.

By 2000, PKCU had recruited more than 12,000 members and had a total savings of 10 billion rupiahs and credit distribution of 10.8 billion rupiahs. Its total dividends and assets were respectively 1.5 billion rupiahs and 14.7 billion rupiahs. The great success of PKCU has inspired the "birth" of the credit union movement in West Kalimantan.

Dayak Community Solidarity Fund (DCSF)

According to Mecer, DCSF's main purpose is to provide self-assistance in emergency situations such as disaster, sickness, death, and accidents. Through this program, the members can develop a spirit of solidarity and brotherhood among the community so as to achieve their independence in the settlement of any problem.

Mecer added that DCSF is a reflection of Dayak traditional and cultural values. For example, Dayak Kanayant ethic is in common with the babiris tradition, a mutual assistance carried out by all the Kanayant people to help a family who is in need or in trouble. Other Dayak ethnics appreciate the above contribution as an offering and a sign of brotherhood.

"The use of Dayak terms for this program does not connote that the membership is only limited to Dayak people. The word 'Dayak' symbolizes a small, poor, foolish, and underdeveloped community who are struggling to release themselves

in collective (action). The program is open to everyone who has the same ideas with its aim and objectives. Therefore, we always call for the involvement of whoever has the same life and cannot afford to overcome their own problems.”

In order to pursue its objectives, DCSF applies a membership system. To become a member, each candidate makes a permanent donation of 100,000 rupiahs, and gets a membership card that can be used when members get into an accident, die, or are in emergency need of expenses. Members are also provided with humanitarian assistance at a maximum amount of two times their donation rate. In case of excess need, DCSF lends them credit that can be payable in installments.

Moreover, DCSF also provides funds for political or advocacy activity. For instance, funds are allocated to a movement focusing on the political struggle. Upon the agreement of all members, this fund pays for advocacy in support of the people's demand to abolish the Kodam (Military Area Command) in West Kalimantan. DCSF assists the activists with financial assistance for demonstrations, mass gatherings, discussions, or other activities in support of the above movement.

“However, we have already decided that the fund may have been allocated in seven years after or at the end of 2001. The allocation of fund prior to the due time will be considered as a debt. It is expected the membership of DCSF will have accumulated 10,000 members with total raised funds of more than 1 billion rupi-

ahs with interest rate of only 12 percent or as much as 252.8 million rupiahs per month. With such high interest, the foundation may stimulate various socioeconomic activities that may eventually improve the standard of living and prosperity of the people.”

In the beginning, members of the program paid their donation of 10,000 to 12,000 rupiahs per household in installments. However, in 1999 this method was revised as it was too complicated and costly. All members now pay their donations in cash. In case of any difficulty, they can borrow from the CU and pay it back in monthly installments. All of them are obliged to participate and expand it among their family and relatives as well as acquaintances, to spread to the entire community over a one-year period.

“Socialization is carried out by multilevel membership where one member is expected to pursue new members and so on. In addition to that, it is also socialized through a CU-focused training in various places that is participated mostly by our beneficiaries. Other units that are in the process of preaching training delivery also communicate information about DCSF. In short, DCSF is used as a collective movement to motivate the socioeconomic potential possessed by Dayak people.

“Due to its close relation with the Dayak culture, the socializing approach of this program has been carried out on a local cultural basis. We try to assure them that this program is quite similar to their traditions such as babiris, buah sulung,

or adat persaudaraan. The program only changes the donation into money. This approach is indeed effective as Dayak people keep upholding their tradition and culture.

“In addition to cultural values, the foundation also makes use of their profound social values, such as solidarity or mutual assistance. Information on DCSF is also covered in the *Kalimantan Review* magazine, which is certainly effective as it has a considerable circulation and distribution all over Kalimantan.”

One division is assigned by the foundation to carry out the management of this fund. In order to facilitate its collection in several districts, the division chief assigns one regional coordinator who is also responsible for the socialization of the program in his region. The foundation has also opened a DCSF account in 18 credit unions spreading out in five districts of West Kalimantan.

As of January 2001, DCSF has had more than 10,000 personnel. Unfortunately, the total fund collected, 328 million rupiahs, was far from its target of 1 billion rupiahs. The target failure was attributed to the old habit of most members who paid their donation in installments. This year, most of their installments were in the fifth and sixth year and thus the permanent donation has not yet fully reached the compulsory amount of 100,000 rupiahs.

“In spite of its minus target, we keep using the fund. We plan to hold a big or-

ganization meeting participated by all DCSF's members at the end of this year. In that meeting, members will determine how and what for will the money be distributed. We will work hard to meet the target up to the end of the year by activating all regional coordinators to collect all the remaining donations,” asserted Mecer.

Scholarship program

This program was inspired by the condition of Dayak students at various schools and universities. Most of them had to work hard so that they could continue their studies. Many of them also worked as part-timers to earn money for their school tuition. “To us, looking at schools is just like looking at two sides of the coin. On one side we perceive that formal education is beneficial to make us brilliant but on the contrary we also believe that it may withdraw or set Dayak community back from where they belong. It must be admitted that most Dayak community will not return back to their home villages after finishing their studies in the town and prefer not to be in the frontier in the context of community empowerment,” complained Silvia Sayu, a scholarship program coordinator.

In addressing this matter, the foundation came up with a special scholarship program specifically designed for Dayak youth, to focus on building up a sense of awareness towards critical conditions, a sense of commitment and solidarity to empower Dayak society. For instance, stu-

dents must be involved in giving courses and trainings to the community, organizing workshops for those who were granted scholarships. The program hopes to create skilled human resources, people who would become proactive social workers and would help empower their own society in the future.

To achieve this goal, the foundation started collecting contributions from parents who were expecting their children to continue schooling. The foundation expected 2,300 students and projected funds received at around 2.5 billion rupiahs, to be deposited in a bank where the foundation can earn 24 million rupiahs in monthly interest. This income would fund the poorer children who needed to continue their studies.

“The essence of this program is ‘who gives earns.’ This means that only those who contribute will earn the scholarship. Every single family is supposed to pay Rp. 700,000 for education-deposit of one of their children. They can pay it in installments through *Pancur Kasih*. However, the contribution is considered cheaper than the price of cattle or three pigs,” said Silvia Sayu, a scholarship program coordinator.

In addition, Sayu said, “In contrast, this scholarship offers a rather different scheme than other common scholarships. The family can enjoy the scholarship after a five-year term of membership. But due to our nature of solidarity, the monthly 25 million rupiah funds should be proportionally distributed to all the

participating families whose children go to the school in the same year. If there are 100 students who enter the school in a particular year then they each deserve 250,000 rupiahs education allowance. If they are taking more subjects then there will be fewer funds that they receive. We organize a waiting list and apply ‘take and give’ procedure upon distribution of funds. A student from a different family can be financed by others and vice versa.”

The number of the participating families as of early 2001 increased to 1,039 units while the collective funds was 1 billion rupiah. Entering the third year of the program’s implementation, there were 115 more students that received grants. In order to reinforce membership, the organization campaigned for it whenever it held meetings with the CU. Moreover, the management also used the personal approach.

Dana Hari Tua (DHT) — Old Age Fund

Like CU and DSMD, this program is rooted in traditional Dayak culture and customs to prepare the people well ahead for their old age or for the time when they would hand over something priceless to their descendants. Because most of their time is spent in the open living with nature, the preparation has to be either in cultivating land or planting valuable crops for long-term harvest—durian, tengkawang, among others. These plantations take roughly 30 to 40 years before

the first harvest. A Dayak community usually inherits the cropland from their predecessors. In some tribes, this legacy is called *pohon madu* or a honey tree or *lalau*.

"It is this concept that encouraged us to organize DHT. The program serves more like a long-term planned pension fund or reserve for those who no longer work. The first applicants are the consortium's activists of *Pancur Kasih*. But hopefully it can be launched for the public this year. This program will be managed by BPR *Pancur Kasih* while our treasurers of the respective divisions will organize its coordination," added Florus.

"Some people consider this very essential since their old age stability is unsecured. We want all of our staff to feel secure when they work and can stay focused on the organization's activities. They will no longer worry about their future especially when they get old and they must see that their salaries cannot support their families anymore. As they reach 50 to 60 years old and cannot work again they still need money to support their family and for that purpose they can count on the deposits they have invested over the years to secure the future."

The program's participants are obliged to save a monthly minimum of 10,000 rupiahs from their salaries to be deposited in BPR in their names. Each division treasurer coordinates the program. A deposit cannot be withdrawn until the member reaches 55 years of age. This deposit enables a member to prepare

for the future. This program started six years ago and currently accumulates 400 million rupiahs in savings.

This program attracted members from other organizations because they thought this program was similar to what was initiated by their parents and ancestors. The model differed in that it was in the form of savings and not a plantation. Members were enthusiastic and wanted broader access. The foundation began to study a possible design to include more people.

Health solidarity

According to Florus, CU members of *Pancur Kasih* initiated the program of health solidarity in 1995. They had discovered that the health of their families was one of the problems that made it difficult for the members to sustain their savings. They spent the money saved for medical expenses if one became ill or had to be hospitalized. Some members emphasized the importance of helping one another. The Health Solidarity Program motivated every member to help support others who faced financial trouble due to medical expenses.

Those interested paid 15,000 rupiahs per individual member a year, due in March at the latest. If one member grew ill within the year, he/she could obtain financial support of 100,000 rupiahs at most. If not, he/she could not get a refund because his/her payment was considered part of the solidarity contribution

made to others.

Members of CU Pancur Kasih were obliged to join. Cash transfer and remittance went through the CU's nine service counters in the respective regions. Another claim procedure was to submit medical prescriptions or any medical receipt from where he/she was examined. CU would reimburse the member. If the medical treatment went over the limit, CU considered the difference as a loan obligation.

The program so far collects 180 million rupiahs every year. Nevertheless, there are no fixed number of beneficiaries, so the amount of funds provided fluctuates from year to year. Last year, the foundation's balance was 20 million rupiahs. The financial status was reported every year to all members in the annual CU meeting.

"The management of this program is based on old age fund model. Therefore, if during one or two months there are only one or two people who get sick, we can make use of the interest to pay medical items. When they are going to a doctor in Puskesmas, it will not cost much because the medical fee is so cheap—around 10,000 to 15,000 rupiahs per patient."

Earned income

Business units provide services in education, training, and consulting, and play a significant role as the organization's fund source. These are the schools, Mitra Kasih Printing, Pancur Dangeri Cooperative unit, and BPR Pancur Banua

Khatulistiwa. Some professional services offered by the organization are the CU, Area Development Program and Town Mapping.

These business-oriented divisions can pay for their own operational costs including the salaries of employees. The printing house prints the *Kalimantan Review* magazine, the books of the Dayakology Institute and the administrative materials of CU in several regions. The BPR provides banking services by undertaking the implementation of the DHT program. Some units make regular contributions to the foundation while some other new units cannot make any. The schools and BPR are examples of independent units, able to finance their daily operations and contribute to the organization. The printing company was established three years ago and can barely meet internal needs and cannot yet contribute funds to the organization.

Conclusion: Endowment Fund

Over the long term, YKSPK has realized that it has to build a large endowment fund. The foundation's endowment fund is directly managed by the board of trustees and the executive senior officers while the endowment fund of each division or program is organized by the related program coordinator.

"Since we realized that we could no longer depend on either foreign nor community funds anymore we came up with the initiative of evolving this endowment

fund for the foundation. We are saving extra money that we earn from different programs. We have carried out this effort since 1995. To achieve a higher value of the fund, we agree that it can only be withdrawn minimum 10 years later. The amount of endowment fund now has reached 800 million rupiahs.”

The main source of the endowment fund comes from revenues from some of the business units and programs. The con-

tribution varies according to how much can be earned from the community who buy their services. BPR for example, contributes 3 to 5 percent of its annual total revenue, as does the CU, school and printing units. Other contributions come from professional services. If any member is invited as a speaker or a program consultant, he must turn over 20 percent of his honorarium for the foundation's endowment fund. ▀

Case 7

Dana Mitra Lingkungan

Introduction

Betel is a tropical tree with a lot of meaning as well as benefits. For generations, many Indonesians have used betel, areca nut and lime as offerings or in a ceremony. In some parts of Indonesia, like West Java, the betel tree is the symbol of unity between two families in a wedding. Betel contains vitamins B and C and is used as a “natural” medicine.

The betel leaf is the symbol of Dana Mitra Lingkungan (DML), a non-profit organization that focuses on environmental issues. Twenty-two well-known businessmen and economists, and environmental activists as well as senior government officers, established DML following the issuance of Law No. 4 of 1982 on the environment. The organizers declared their great concern for the environment and wished to develop it as a potential that was endowed by the Almighty God.

DML initially worked on environmental programs, such as fauna and flora conservation, a “green issue.” However, since 1993, DML has concentrated on environmental pollution caused by operating industries, a “brown issue.” DML focuses on the direct correlation between industry and environmental conservation activities, since in the future, industries

will be increasingly required to produce and process goods on the basis of environmental safety.

DML raises funds from private and industrial circles to assist the environmental conservation performed by NGOs all over the 23 provinces of Indonesia. Some NGO programs consist of natural resources conservation training, SAMIJAGA (sanitation, drinking water, and family lavatory program) with 28 SAMIJAGA facilities, the Indonesian waste recycling program of 1992, environmental awareness improvement, to name a few.

History of DML

DML was established on October 27, 1983 by renowned public figures of various backgrounds—entrepreneurs, observers, environmental activists, academicians, and several government officers. Members included the late Soemitro Djojohadikusumo (economist/former government minister), Tanri Abeng (business executive), Emil Salim (environmentalist/former government minister), Erna Witoelar (environmentalist), William Soerjadjaya (businessman), Mochtar Riyadi (businessman/banker), among others. The organization mediated between business and NGOs in Indonesia through

the mobilization of funds from the industrialists, to be distributed to environment-focused NGOs.

According to Wicaksono Noeradi, a member of DML's board of trustees for 2000–2003, DML was necessary to facilitate the amicable connection between NGOs and businessmen. He said: "NGOs will neither be worried of being guilty nor lose their idealism or freedom when they receive some financial assistance from the businessmen, as it may be provided through DML, an independent organization. In addition to that, many NGOs have complained of being so dependent on foreign loans or grants instead of the domestic ones. In that situation, DML is motivated to provide financial assistance for those NGOs in need. In 1984, DML began with Walhi. In the course of 1984 to 1986, Walhi was awarded a routine operational grant of 18 million rupiahs. From 1986 to date, DML has allocated a special grant of 30 million rupiahs for Walhi. Some other NGOs that have been assisted with some grants are Wanadri, Universitas Andalas of Sumatra, Wallacea Institute, among others."

Muchtadi Sjadzali, chairperson of the executive board for 1999–2001, added that, in order to run the organization and be a funding agent for NGOs, each founder contributed about 2.5 million rupiahs for an endowment fund. This was deposited in a bank and its interest used to finance the daily operation of the foundation and to fund some NGOs.

In over ten years, DML has collected

1.5 billion rupiahs from industries. Of the total amount, 800 million rupiahs went to environmental-based NGOs and the rest to the main deposit of the foundation. During the period of 1987 to 1993, DML awarded small grants to 71 LSM of 175 million rupiahs. From 1994 to 1996, DML allocated grants of 36.5 million rupiahs for various NGO programs.

Since 1992, DML has offered funds under the Global Environment Facility Small Grant Program, one of the programs under the United Nations Development Program (UNDP). DML manages an annual grant program of US\$300,000 or about 625 million rupiahs to assist NGOs in Java, Sumatra, Sulawesi, and some other places.

DML not only acts as a mediator or fund distributor but has also started to design its own programs. "Some of the funds that can be raised from the public or corporate members are still allocated for the NGOs, and its remains are mobilized for its self-designed programs development and internal organization restructuring. With such restructuring, we can better our performance and improve our services to the NGOs. For the above purposes, an executive director was assigned in 1994 that will supervise and coordinate the daily operation of the foundation," Sjadzali noted.

In 1993, the DML board of directors agreed to concentrate on industrial pollution, more popularly known as the brown issue. Sjadzali added that DML was

not an advocate: "We do not deal with why, but how. Thus, our focus is on how to find alternative solutions for the industries committing serious pollution. If industries contribute some money directly for the brown issue, it will handicap the effective solution. It is different if they donate some fund to WWF, which exclusively focuses on the green issue."

When approaching a company, DML acts as a facilitator for pollution prevention, through a roundtable program between industrialists, NGOs and government: "Its target is clean production. So, the dichotomy of environment and development is eliminated. We will be able to reduce pollution and gain efficiency at the same time. How to improve productivity and reduce pollution intensity at the same time is our goal."

Prasasti Asandhimitra, a DML executive director, asserted that DML provided a compromise by socializing a friendly environmental method that may be harmonized between environmental conservation and national development. "DML takes a middle position because all the initiators have already had well knowledge about the complexity of industrial sector and environmental conservation. Our mission is to raise everybody's concern over the environmental conservation in support of industrial sectors. The support of the industrial sectors is also vital towards the achievement of balance between environmental conservation and nation building process, which is one of DML's aims," said Asandhimitra.

Currently, DML actively engages in a forum known as Sustainable Independent-Partnership Communication Forum Indonesia or Forum Komunikasi Mitra-Mandiri Berkelanjutan (KMB) Indonesia. KMB Indonesia is one of the major programs of DML that provided opportunities for all stakeholders to share information and experience. KMB Forum typically discusses how to improve efficiency and productivity in various business sectors. KMB also acts as the Indonesian Pollution Prevention Roundtable to promote and explore the concerns of the community.

Internal Stakeholders

The management structure of DML consists of a board of trustees, an executive board and a secretariat. The board of trustees is composed of 15 persons serving as chairperson, vice-chairperson I, vice-chairperson II, and members. Those who have served as chairperson of the board of trustees were Soemitro Djojohadikusumo (economist/former government minister), Omar Abdalla (banker), and Tanri Abeng (business executive). The current chairperson for 2000-2003, is M. Rudy J. Pesik (Pesik Internasional Group/PT Birotika Semesta).

Most of the board of trustees consist of top business executives: shareholders, commissioners and directors. Members of the board of trustees for the term of 2000-2003 are: Haroen Al Rasjid (PT Caltex Pacific Indonesia), D. Ashari (PT Bayer),

Mochtar Riady (Lippo Group), Wisaksono Noeradi (PT Sudarto & Noeradi), Pontjo Sutowo (Indobuidco), Djukardi Odang SH (Prasidha Group), Willy Sidharta (PT Aqua Golden Mississippi), Teddy P. Rachmat (PT Astra International Tbk), and August Parengkuan (Gramedia Group). The senior government officers are Erna Witoelar (minister of settlement and regional infrastructure), Tanri Abeng (former state minister for state-owned enterprise), and Emil Salim (Kehati foundation).

The board of trustees is in charge of policy making on administrative matters and financial allocation, controlling cash flows, and monitoring as well as backing up the fund raising programs. The chairperson of the board of trustees is responsible for the day-to-day running of DML. In accordance with the prevailing rules, the board of trustees decides important issues as long as one-third of members are present in the meeting. The board of trustees also alters the current policy (statutes/by-laws) of the organization as needed. The board of trustees meets every six months.

The board of trustees supervises an executive board, which consists of the chairperson, vice-chairperson, secretary of the board, treasurer, and members of the board. According to Sjadzali, some of the important names here are Rahendrawan (PT Bahana Artha Ventura), Shinta W. Kamdani (PT. Menara Duta), and Abiprayadi Riyanto (ABN Amro).

Rahendrawan is qualified in accounting matters in addition to raising venture capital, Kamdani is experienced in marketing, and Riyanto in banking. "DML even plans to incorporate environmental issues into the banking world. It means that when people borrow some money from a bank, they will be questioned on environmental issues as a whole including the EIA (environmental impact assessment) that may affect the loan itself. So, it is really evaluated from a business point of view," asserted Sjadzali.

The executive board is in charge of the policy application as outlined by the board of trustees. Sjadzali said: "Its application may be in the form of programs. Besides that, we have to submit a monthly financial report of DML to the board of trustees. The executive board also screens out all the submitted proposals and fund allocation for each NGO. For the purpose of evaluation, executive board holds a monthly meeting."

The board of trustees and executive board rotate every three years. In DML, a director can be reelected. Tanri Abeng was a founder and he serves on the management board from 1983 to date. The supreme forum in DML is the annual meeting attended by the board of trustees, the executive board, and the executive directors. The annual meeting focuses on statutes/bylaws, policies, strategies and programs.

In the beginning, a secretariat consisting only a small team ran DML. "It dealt with how DML raised funds and

distributed them to the beneficiary NGOs. It was quite simple and required not so many staff members. It was running smoothly, funds were always available and distributed."

In that period, the executive board played a dominant role. "Whoever had time and opportunity could organize a meeting. So, everything was not yet organized properly. It could be said that everyone in the executive board that had time, could be a 'boss.' It could be the chairperson, the treasurer, executive secretary, and so on," noted Eka Budianta, executive director of DML in 1994-1998.

Later on, the board recruited some professionals to manage the day-to-day running of DML. Sjadzali stated: "It is out of question if one organization is managed and run by part-timers with other activities. A reliable organization shall be led and managed by a fully active staff. Besides that, the involvement of one person in the management board will after all be left to each individual himself. Someone might sometimes participate in DML when he was being enthusiastic in sharing his spare time or it might be less. A foundation cannot be managed and run formally like an enterprise. The involvement of someone in a foundation is more voluntary.

"The mechanism in one organization depends on how much time can be shared by each board. A well-running mechanism cannot be implemented if each board member has not enough time for it. With no such definite direction and policy, an

organization will be running without direction," added Budianta.

Finally, in mid-1994, the executive board assigned an executive director to manage the day-to-day running of DML. The executive board created a full-time staff. To date, the executive director has only been changed once, from Eka Budianta (1994-1998) to Prasasti Asandhimitra (1999 to date).

Relations of the Board and the Executive Director

The board of trustees, executive board, and executive director attend DML's regular quarterly meeting. The meeting consists of a briefing on the foundation's current policies and operations and the board of trustees also evaluates DML's financial performance.

The executive board and the executive director hold a monthly meeting to evaluate the progress of the plans and to outline future programs. The meeting also discusses financial proposals submitted by several NGOs and environmental activists. "On the average, DML receives 20 to 30 proposals a month," said Budianta. "Those proposals will then be appraised and selected by the executive director. The executive director can approve the financial proposals with total value of less than 7 million rupiahs without the prior approval of the executive board. Of course, our consideration is predominantly based on the quality of the programs proposed by the NGOs concerned."

Proposals of over 7 million rupiahs are reported to the executive board in a monthly meeting prior to approval, as long as one-third of the executive board is in attendance.

According to Sjadzali, the meeting between executive board and executive director was not always formal. "Sometimes, we set an appointment to meet in a restaurant or café. In such a relaxed atmosphere, we can talk more about everything covering programs, finance, and proposals. Due to their main activities, not all executive board usually has the time to attend the monthly meeting. We are flexible based on the agenda's priority. For financial matters, for instance, the executive director may directly discuss it with the treasurer despite the absence of the chairperson. However, if the topic is on the environment, the executive board typically calls on my ideas or opinion as my expertise is on that subject. All communication and coordination between the executive board and executive director are typically done via telephone or e-mail."

Within the last several years, according to Sjadzali, the role of executive director has evolved. "The post of executive director in DML is the same as that of president director of an enterprise. The president director and his staff have to be independent from the active guidance of the board of trustees and executive board. The executive director will not be independent or make a decision if the executive board always guides him. Indeed, the key is in the executive director. He has to

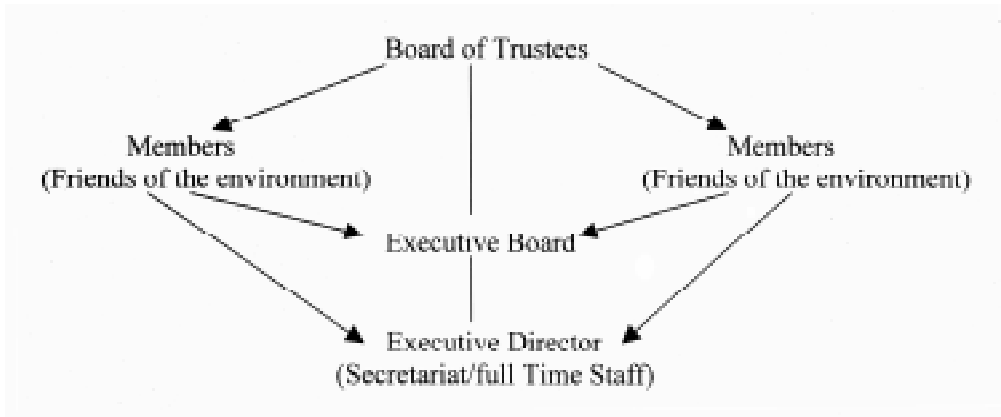
have a lot of ideas to run the organization including outlining some programs and setting up fund raising approaches before reporting to and discussing with the executive board. The executive board will deal only with supervision and supporting tasks. In the event that the role of the executive director is optimized, the post of executive board can be eliminated in the future. Frankly speaking, we have very limited time. For example, when meeting about DML, we frequently have only about one hour. Subsequently, we jump into our own business. Therefore, I prefer to apply an upside down pyramid for an organization where the central position is held by the executive director."

As an ex-executive board member, Budianta said: "The executive board is entrusted to carry out fund mobilization although it is one of the primary co-duties of the executive board and the board of trustees." Asandhimitra also expressed the same thing. "The executive director works on the programming and budgeting, which shall then be reviewed with the board of trustees for its approval."

"In short, both board of trustees and executive board act as counselors where we can consult and discuss everything concerning the organization. The executive director holds the central role. The executive director only discuss a specific case with the executive board or board of trustees according to their respective expertise," added Sjadzali.

According to Budianta, DML has already set its organizational structure in ac-

Organizational Structure of DML



cordance with international NGO standards. “When I was abroad I was asked whether DML already had a board of trustees and executive board. I answered, yes, it has both of them.”

The Role of the Board in Fund Raising

Since its establishment in 1983, the board of trustees, the executive board as well as the executive director have carried out DML’s fund raising. Since its establishment or during its first year, such figures as Tanri Abeng, Emil Salim, Erna Witolaer, Soemitro, and others went on “road shows” to introduce the vision and mission of DML to many industrialists. They tried to persuade all the industrialists and businessmen to allocate some of their funds for DML’s programs.

Budianta also had the same experience. During her term as executive

director, Budianta acknowledged the importance of the board of trustees in fund raising, whose wide relations and networks included “VIPs”—very important persons—of various backgrounds, senior government officers and businessmen “The board of trustees consists of highly distinguished figures and qualified in fund raising. For instance, if Soemitro Djojohadikusomo invited businessmen, wouldn’t they come? Of course, they felt ashamed to refuse in consideration of Mr. Soemitro’s dedication as ex-minister, economist and writer. It also happened to Emil Salim. All businessmen were ashamed to refuse an invitation,” said Budianta. Sjadzali added that several senior officers of the board of trustees contributed a lot to the fund raising program. “But, it could only be maintained up to the pre-reform era in 1998. During the reform era, attaching the names of government senior officers

is no longer acceptable.”

Asandhimitra also recognized the strategic role of the board of trustees. “Honestly, we still depend on their reputation although it is not as much as we used to. After all, their ‘big names’ remain effective in fund raising. Besides the board of trustees, for our effective fund raising programs, we have also been supported by the executive board mostly coming from businessmen circles.”

According to Budianta, as an executive director, she applied the following strategy in fund raising. “We do not offer a ‘well-done’ program to businessmen or community. However, we try to confirm what program of environmental conservation is fit for them. If not, not all programs will be interesting to them and financially supported.”

Asandhimitra added that DML was open to every proposal or input sent by both corporate and private individuals. “We have a special forum where we discuss all environmental conservation issues, particularly pollution. From here, we try to assess and design an interesting and beneficial program for them.”

Regarding the fund raising programs, Sjadzali denied the accusation that DML was being used by some businessmen to “launder” their dirty money. This negative image was made when firms owned by some businessmen donors to DML were at the same time polluting the environment. “Indeed, it is not easy to separate between the polluting and non-polluting

firms. As we all know, there is no single firm that is clean. We ourselves are often contaminating the environment by littering everywhere, for example. But, if the firm is obviously polluting to the environment, we won’t receive the donations.”

“We do not receive a conditional donation. DML cannot classify donors with minor mistakes if they are really polluting the environment. It is problematic if we want to be strict and will restrict our donors to the non-polluting firms only. Perhaps there is no single donor that is really clean and non-polluting. Besides that, the control over the polluting and non-polluting firms is held by mass media,” asserted Budianta.

Fund Raising Activities

Budianta stated that DML has already adopted a professional and systematic fund raising program despite its small secretariat and relatively few staff members. In general, the fund raising activities are as follows:

1. **Endowment**

The success of DML cannot be separated from the professionalism in the mobilization and management of the available endowment. The founders considered that a fund raising program with an endowment-based system, according to Budianta, was more universal and popular among the international organizations or foundations. “When DML was established, each of its founders contributed a donation of 2.5 million rupiahs.

As businessmen, they have to be responsible for the environmental conservation and maintenance. Aside from the founders, the endowment is also raised from the annual membership fee. Members consist of individuals and corporations. The rate of the annual individual membership fee is 200,000 rupiahs, and that of corporate membership is 2 million rupiahs. Half of the total annual fee is used to finance the executed programs and the other half is saved for the endowment," said Budianta.

On account of the high participation rate of all the trustees and the executive board, the total endowment in 1995 was 1.1 billion rupiahs. Within two years, the amount increased to 2.1 billion rupiahs. Currently, the total endowment is about 4.3 billion rupiahs. The interest charge of the endowment covers the monthly cost of about 35 million rupiahs and the salary of 10 staff members. "We offer them some multi-years programs and inform them that half of the donation rate is allocated for the endowment of DML. Now, we are still discussing with some battery manufacturing companies about the need for research on the impact of any chemical content that may pollute the environment. If this multi-years program is agreed upon, half of its funds will be saved for endowment," Asandhimitra said.

The highest donor of endowment fund is PT Aqua Golden Mississippi, a mineral drinking water producer. The firm carries out a program called "Aqua Concern," an environmental-based pro-

gram pioneered by its founder, the late Tirto Utomo. Through this program, all Aqua bottles of 500 ml. and 1000 ml. can be resold to supermarkets at the prices of Rp. 10 and Rp. 20 respectively. Afterwards, the bottles are recycled into such items as fiber, cord and sealing wrap. The total donation contributed by Aqua to DML is about 1.5 billion rupiahs.

2. Membership

Each member pays an annual fee of 200,000 rupiahs for individuals and 2 million rupiahs for corporate memberships. As of 1997, DML has about 300 corporate memberships. One approach is to invite businessmen to a special lunch to introduce the vision and mission of DML and its current programs. "Such events are necessary to be attended by the board of trustees to attract the attention of the invited businessmen. The target is to recruit them as donors and members," asserted Budianta.

Pancoroba, an internal magazine of DML, used to be published every month. The magazine covered information and issues on the environment. It also provided a status report on the monthly membership fee, balance sheet, incidental donations, and expenditures of DML. The other method to keep members aware of DML was by distributing calendars, and giving lunch or dinner invitation to members. Unfortunately, according to Asandhimitra, the above activities became irregular over the last three years. "Membership is mostly voluntary. We have no authority to make them pay the fee regularly per year. Cur-

rently, of about 300 corporate members, only 100 are still active paying their annual fee.”

To restore the active involvement of each member, DML established an Indonesian Sustainable Partnership Communication Forum, called KMB Indonesia, for all members to share information and experience. “Through this forum, businessmen-based membership will be able to access some important feedbacks on their businesses. They may also discuss about environmental pollution and find alternative solutions,” said Asandhimitra.

KMB membership include big, medium, and small-scale companies, research institutions and NGOs. The annual fee varies according to the size of the company: Rp. 2 million for a big company, Rp. 1 million for a medium-sized company, Rp. 500,000 for a small company, Rp. 1 million for a research institution, and Rp. 100,000 for individuals. As of 2000, the number of company-based members was seven big companies, five small and medium companies, and 68 individuals. “Kontraprestasi, which is gained from KMB’s members, is an access to the information center of KMB Indonesia containing the latest information on technology and implementation concepts for hygienic water production. It is also a part of the working network of regional KMB Indonesia and a communication program for all stakeholders within the national and international perspective that works through both printing and electronic mass media. To increase the mem-

bership of KMB, we have a publishing program in every periodical conference. We are actively introducing the vision and mission of DML, its aim and purpose of our programs as well as the benefits of joining with DML. We also participate in providing solutions on related environmental management issues to everybody or to the company concerned through the application of clean production concept.”

3. Supporting Programs

“Telasih” or Jakarta Clean Bay (1991) increased the awareness of the people, especially the business community, over the polluted bay of Jakarta. The Telasih program included a pollution control campaign to all industrial practitioners all over Jabotabek, information service, and the application and development of a pilot-plant for industrial wastes treatment.

“Gerakan Ciliwung Bersih” (GCB) or Clean Ciliwung Movement (1990) was managed by Pusat Pengembangan Sumber Daya Manusia dan Lingkungan Universitas Indonesia (PPSML-UI) or Center for Human Resources and Environment Development of Indonesian University in association with student groups from five universities. The universities were: University of Indonesia, Pancasila University, USAKTI, ISTN, and National University, as well as Jakarta Regional Government, Health Service, Directorate of River Development of Public Works, Proyek Banjir Jaya, PAM, Bureau of Population and Environment, PT Bina Karya, and some NGOs. “Currently,

we have a program that we proposed to some corporations and called on their participation that may be in the form of goods and funds,” asserted Budianta.

Budianta pointed out to the SAMIJAGA program covering sanitation, drinking water and family lavatory, aimed at mitigating river pollutants flowing into Jakarta bay. The program was carried out from 1990 to 1993. In the course of the program, SAMIJAGA was constructed along the banks of rivers in Jakarta. “Some big corporations were highly enthusiastic about the program, including Lim Sioe Liong of BCA. The total fund that could be raised was about 340 million rupiahs, and was used to construct 28 facilities of SAMIJAGA.”

Program Peduli '92 or Care '92 (1992), and Program Peduli Aqua-DML or Aqua-Care Program (that ran up to 1998) promoted the concern of the community over environmental issues, particularly the waste problem, by encouraging participation in minimizing domestic waste quantity and recycling products. “Aqua backed this program in particular, due to its similar mission in environmental conservation. The last data indicated that the total donation of Aqua to DML was about 1.5 billion rupiahs,” disclosed Budianta.

Future Plans

According to Budianta, the success of DML in recruiting members or donors depended on the clarity of its vision and

mission, objectives, and appropriate strategies, and the reputation of the board of trustees.

According to Sjadzali, DML must optimize the available funds raised from the community. “To improve both individual and corporate potentials may be a great domestic source of funds.”

Asandhimitra added that in the future, DML would become a main advocate of the government in dealing with the central issue of environmental conservation, including pollution created by some large industrial companies in Indonesia. DML plans to partner or facilitate with both the community and businessmen in terms of environmental conservation. “Together with its partners, DML will facilitate the reforms activities that may bring Indonesia to be more rational in coping with environment. We always want to support a friendly environmental technological product and management philosophy and take part in providing realistic, achievable, and sustainable environmental solutions.”

According to Asandhimitra, DML will always be committed to show to the business world and to the community that there are many possible ways to create a friendly environment and also to provide job opportunities, and to increase productivity and profits at the same time. “DML will always be motivated to help the Indonesian people establish a more clean and healthy state. This is the time for civil society and companies to work together in finding solutions of any environmen-

tal destruction, which may be hidden in modernization.” ►

Case 8

Komite Kemanusiaan Indonesia (KKI) The Indonesian Humanitarian Committee

Introduction

"Hello! Good evening. We Care Indonesia here. What can I do for you?"

"Good evening. This is Baharuddin Jusuf Habibie speaking. My wife, Hasri Ainun Habibie, and I would like to donate 1 billion rupiah to KKI." *Transcript of a telephone conversation between former President B.J. Habibie and the telephone operator, which took place at the presidential palace in Bogor on April 22, 1999.*

The call took place during the opening ceremony of the musical concert "We Care Indonesia," held by the Indonesian Humanitarian Committee (KKI). The event drew hundreds of artists and other supporters and was attended by the president and other important persons. Then President Habibie's individual donation was made through a free-pulse call, 0-800-123344.

The KKI mission is to increase people's awareness towards the lower-class community to alleviate their poverty and the difficult situation that has enveloped them due to the severe economic crisis. Mar'ie Muhammad, the chairperson of KKI, said, "We hope that this economic crisis will not turn into a civilization and faith crisis." He admitted that the idea of organizing this event was inspired by Bob

Geldof, a British rock musician who initiated a fund-generating event in 1987 to help the starving Africans in drought-stricken Ethiopia.

This very first offering by KKI raised more than three billion rupiahs. TV and radio stations broadcast the event and the event kicked off a proposed series of events to raise 50 billion rupiahs, a target reached by August 1999. The collected funds were given to the poor people in the form of foodstuffs, farming tools and working capital, in the hope that they would not despair and participate in anarchic activities that had been occurring more frequently.

History of KKI

The economic crisis caused extremely dramatic difficulties for Indonesian communities. A great number of people lost their jobs and they could no longer afford to meet living necessities as their purchasing power dropped. The number of poor people expanded rapidly. There was growing social conflict as turmoil and anarchy broke out in Jakarta and other parts of Indonesia.

"This matter absolutely needs urgent treatment. Therefore, it is important to create humanitarian efforts in order to

relieve people of their sufferings. Unfortunately, the sense of solidarity has not yet reached the upper class of society,” Muhammad said.

The former minister of finance took the initiative to establish KKI in August 1998, dedicated to humanitarian relief programs by collecting funds from both local and foreign communities and giving them to the unfortunate of society.

Muhammad is not alone in running his organization. He invited some of his colleagues to take an active part in the KKI committee board. Among them are a former health minister Prof. Dr. Sujudi, a former Indonesian ambassador to Britain; J.E. Habibie, a researcher for LIPI; Dr. Pratiwi Sudharmono, a social worker; Rihna Azrul Azwar, McDonald’s president director; Bambang N. Rachmadi, a World Bank consultant; Bondan Winarno, Para Group chairperson; Chairul Tanjung, a director of PT. Rajawali Nusantara Hoesein Soeroproto. Muhammad was then appointed as the chairperson of KKI.

With these outstanding and respected figures and an extensive network to back them up, it was relatively easy to win sympathy and publicity from the community in a relatively short period of time. Two months later, in November 1998, KKI started its first humanitarian mission when the organization executed an aid distribution program by donating packages of food, medicines and farming tools. KKI received financial support of around five million rupiahs from the royal

government of Brunei Darussalam to finance the program. The donation packages went to the poor families who lived in 265 kelurahan (a small political administrative district) in Jakarta and in seven regions in Western Java.

In 1999, the fund raising expanded to include foreign funding agencies and local corporations and communities. The committee approached several individuals and companies, and asked them to assist in supporting KKI programs. KKI sent them a large number of letters.

To make these humanitarian programs more public and more popular, KKI created a concept—We Care Indonesia. This program consisted of a series of fund raising activities based on art and cultural performances. The program ran from April to June 1999, with four art and cultural exhibitions: We Care Indonesia musical concert for charity, telethon, walkathon and “Kafe Peduli.” Although it only lasted for four months, the program succeeded in collecting cash donations of more than three billion rupiahs.

KKI also sought financial support from local and foreign societies to sustain humanitarian relief programs for the victims and refugees in Sambas, Ambon, Aceh and East Timor, in response to a number of riots that burst out in these four regions. This emergency aid was designed for a short period of time only or for one-time delivery.

In February 1999, KKI delivered

more than 107 million rupiahs worth of goods and supplies to the Ambonese refugees who suffered from the racial and religion conflicts there. In the same month, KKI also gave away more than 121 million rupiahs to the people of Sambas who had evacuated to refugee camps since the racial riots erupted there. During the months of May, July and December 1999, KKI spent more than 657 million rupiahs to help the refugees and victims of similar conflicts in Aceh. When the pro-integration East Timorese evacuated into the neutral camps of NTB Indonesia, KKI contributed 23.5 million rupiahs worth of food provisions.

In the same year, KKI also began its one-year donation project for empowerment of poor communities in different areas. The project had four basic components: education, social project, physical environment development, and economic productivity. In the first component, the project's target was the poorest kelurahan in Jakarta, East Java and Surabaya. In Jakarta, three kelurahan were Kelurahan Kapuk (West Jakarta), Kelurahan Cilincing (North Jakarta) and Kelurahan Pondok Aren (Tangerang district). In Surabaya it was Kelurahan Kenjeran. The project spent from 250 million rupiahs to 800 million rupiahs for these areas.

In order to develop small-scale business units and industries, KKI cooperated with Koperasi Jembatan Kemitraan/JK (a social cooperative enterprise unit) in June 2000 to supply consumer goods needed by the warung (small store) under KKI's

foster program. This cooperation arrangement was first tested in Kelurahan Pondok Aren. After getting assistance from Koperasi JK, some of these warungs built Koperasi Gema Usaha as a mother unit whose function is to distribute and supply consumer goods to all 42 member-warungs. The surplus would capitalize other similar units.

The Committee Board

According to Muhammad, "The participation and roles in the board are relatively not different from the roles of those who sit in the board of trustees in other organizations. Besides formulating the organization's vision and determining general policies, they also make important decisions and assist in coordinating the fund raising process."

Almost all members of the committee board are Muhammad's colleagues or people who sympathize with the social dedication of Muhammad. Prof. Sujudi, for instance, was his colleague in the previous government cabinet. This former health minister is widely recognized as a reputable person really concerned with social work, particularly in the field of health development, and he possesses a good network and relationships with persons in other important sectors. Bondan Winarno is a consultant at the World Bank, and a columnist and regular contributor to the national newspaper *Kompas*, and he had a deep interest in philanthropic issues, while J.E. Habibie,

a former Indonesian ambassador to Britain, was invited to the board because he has many contacts abroad.

Among business professionals, Chairul Tanjung, Bambang N. Rachmadi and Hoesien Soeropranto are familiar to society from their many social works and public services. Tanjung is with the Tanjung's Para Group and Bank Mega, and Bambang with McDonald's.

As of 2000, the board remained unchanged. The members rotated positions to fill other vacancies if a member was too engaged with his other activities. For instance, Prof. Sujudi was previously a member. Then he took over the position of Chairul Tanjung who was busy with his corporation. "Despite a limited membership, it is still possible for anyone outside KKI to take the opportunity to join our organization. They can take part in project management for different particular activities of KKI. We are also opening ourselves to any idea, advice, opinion and criticism for the sake of KKI," Muhammad explained.

Due to tight personal schedules, "we had intensive regular meetings when we were still a new organization. But now, we more often communicate by phone to discuss programs we are doing. The presence of members in the meetings is merely to help us with any approval and advice needed for our program planning and also to recommend some people that we can possibly reach to call for their support. If considered important, we involve them in lobbying to our prospective donors. This

scheme seems to be working out since we have another board committee who deals with field and daily operational tasks of the organization," Muhammad added.

Board's Role in Fund Raising

In the beginning, KKI depended on some of its founders to finance all of its programs. These persons directly made contributions to the organization on their own initiative according to their capacity. The contributions were not limited to cash donations but also came in the form of a rented house and car facility.

Bambang Rachmadi, for example, made routine donations to KKI directly from his own pocket, around 10 million rupiahs monthly. Chairul Tanjung also "lent" some of his companies' directors to KKI so that they could assist in managing the organization. Muhammad auctioned his car and gave the cash to KKI. All the money collected was spent on office rent and operational costs including promotional expenses to socialize KKI among local and international institutions while the rest went to program financing.

Even though KKI's founding board acted as donors, the contribution was still not enough to meet KKI's plans. For instance, Muhammad said, "To finance the humanitarian program in Kapuk, Jakarta, we need Rp. 668,309,875. And we do not have it. Therefore, we must search more partners and sponsorships to help us solve this problem." Thus, the board uses a personal approach towards future donors

based on relevant networks. Members who are entrepreneurs deal with others like them. The bureaucrats or academicians approach agencies, ambassadors and diplomats.

J.E. Habibie explained that KKI has already obtained local and international donors' admiration for its programs for two reasons. "First of all, transparency attitude. All donors entrusted their money to us because of our transparent fund management. In spite of our small organization, KKI appointed a world-class auditor, Arthur Andersen, to audit our financial report. Secondly, Mar'ie's established fame and self-integrity created a 'brand image.' He is well known as a clean and trusted bureaucrat—many people have named him 'Mr. Clean.' Mar'ie also chaired the Indonesian Transparency Community (MTI), an independent organization that attempts to enforce, promote and apply transparency principles on every aspect through its campaigns."

Relationship between the Committee Board and Operational Board

When the original board felt that KKI's tasks were growing too much for them to handle, they set up a new board, comprised of five persons, with one chairperson to help them lighten the operational management. To make this team run effectively, the committee board approved Chairul Tanjung as chairperson. Tanjung then recruited four of his employ-

ees from Para Group to join the board as members, thus creating good working coordination and effectiveness improvement. "The role that we play is not restricted to only fund raising strategy and other procedures but also to capture possible fund raising opportunities using optimal networking," explained Abdul Axis, one of the Para Group executive commissioners in the operational board of KKI.

In relation to fund raising, the committee board recommends promising candidates to become KKI donors. The operating board invites Muhammad and other committee board members to attend a meeting or to approach donors. Other tasks like distribution of funds, the monitoring and evaluation of the programs and program accountability fall under the operational board.

Each member of the operational board deals with different tasks according to their division jobs in management. Alan E. Moore, for instance, is in charge of the International Liaison Division. Its key duty is to gain donations from international donors. With the backup of the committee board and its network, Moore extends partnership opportunities to several foreign enterprises and institutions. Yungki Setiawan is responsible for the Domestic Liaison Division. His task is to seek funds from local individuals, institutions or enterprises. Abdul Aziz handles program implementation, and Oyo Zakaria identifies and evaluates programs. The Internal Service Division is under K. Syaful Anwar.

The staff in the operational management unit consists of 15 people, nine in the committee board (board of founders) and six in the operational board. KKI expects only some of its members to work full-time.

The coordination between the committee board and the operational board is personal and informal. "If there is something really important that we need to discuss it, we will come to meet Mar'ie, Sujudi and other committee board members and call upon their suggestions and opinions. The regular meeting agenda is scheduled once in three months. The topic depends on issues and problems in which current situations are addressed. Occasionally, the meeting is about program initiatives and proposals that require consideration and approval from the committee board," Aziz said.

In September 2000, Abdul Aziz replaced Chairul Tanjung as the chairperson of the operational board. Previously, Tanjung gave up his position as the deputy chairperson. The organizational structure of the board also went through a change. The previous team consisted of five people, but by September 2000 it was down to two people. This reduction had a significant impact on the overall operational board mechanism and internal activities.

The changes affected more than just the administrative mechanism. Fund raising became more difficult. "I think that the board members gave good support in the first years of our organization

development progress because we had Chairul Tanjung, a businessman who truly devoted himself to the board. He empowered and encouraged all the good human assets that we have. We used to make frequent contacts and approach our donors in order to raise funds, but now we seldom do that anymore. We practically rely on the committee board," Aziz complained.

Fund Raising Activities

Direct mail

Aziz explained that raising funds through direct mail is only used for urgent donations, such as to help the victims of natural disasters and riots who need immediate action of relief treatment. For him, mail campaigns usually do not require special preparation and it can work fast and give good results.

"Whenever direct mail is used for fund raising, KKI always counts on Mar'ie's status and influence, because everybody acknowledged him as a man with good credibility, integrity, and he is very familiar to potential donors. He also gives recommendations on who to send letters to. Besides Muhammad, the committee board members also recommend some of their colleagues and acquaintances. We are convinced that this form of fund raising can work effectively," said Aziz.

Before sending letters of request, particularly to Mar'ie Muhammad's good colleagues, he first personally contacts them. He phones them on what he intends

to do, or he asks to meet with them. Muhammad usually meets his colleagues at lunchtime or he visits them in their offices.

"The meeting is the first step to socialize our organization. Having lunch with future donors is a way of keeping them closer to us. And the second meeting is usually where we have a chance to inform them about our vision and mission. After knowing our mission, if they express their commitment, then the operational board will perform the next job of sending them letters along with proposals. The problem is how to bring these people to Mar'ie," explained Aziz.

According to Aziz, the idea of making personal contact by phone before forwarding a letter is in keeping with Muhammad's principle that only when donors agree would he send them letters and proposals.

Since November 1998, KKI has succeeded in providing donations of 3.8 billion rupiahs for the victims of riots and conflicts in Ambon, Sambas, Aceh, East Timor, and other affected areas. KKI collected from individuals and enterprises and foreign institutions and governments. The donations were in the form of cash and food, medicines and building materials.

Program donation

The technique of direct mail needs little preparation. However, program donation as a fund raising technique must

be well managed. This strategy is employed for long-term programs, which are more costly. The donor candidates are enterprises, funding agencies and foreign governments.

"KKI always attempts to create a program to reach the low class society or grassroots. We offer it to our sponsors who desire to facilitate financial support. We do not only ask for their cash, but also for their monitoring and evaluation support. If ever we notice they cannot do monitoring, then we better refuse their cash. But if they agree with the conditions, we will ask them to take an active part and to witness directly what good their money can do," Muhammad asserted.

The process starts with preliminary surveys and a feasibility study in several locations in order to estimate the budget required. A member of the operational board determines whether or not a place deserves a donation. Then they analyze the possibility of program realization and budgeting. During the survey, KKI usually receives technical support from local NGOs, who became KKI's working partners to carry out the program in the related area.

After program planning and budgeting comes tracking down donors. Each of the operational and committee board members has a short list of names of candidate individuals, enterprises or institutions. "The so-called 'knocking on the door' process is intended for particular persons who have maintained networking relationship with us as they become

our priority. When KKI worked on its humanitarian program in Surabaya, for example, KKI partnered with PT. Aerowisata whose managing director is our good colleague. When PT. Aerowisata committed to take part, KKI management then returned back with a more comprehensive proposal emphasizing the matters of fund distributing, monitoring and accountability mechanism,” said Aziz.

The value of the program or the project offered ranges from 250 million rupiahs to 1 billion rupiahs. KKI provides several options. If they donate 1 billion rupiahs, KKI allows them to handle the project. But, if their donation is less than 250 millions rupiahs, then they must co-operate with other organizations to finance certain large projects. A community development project in Kelurahan Kapuk of Western Jakarta, for instance, cost 1 billion rupiahs to complete and the do-

nors were Standard Chartered Bank and KKI itself.

Some donors give in lump sum while others give in installments. “Suppose PT. X is agreed to pay donation of 200 million rupiahs within a year in installments. KKI will arrange a monthly schedule where they can conveniently give their donation every month. The obstacle we often confront is that sponsors sometimes have their own humanitarian programs. For instance, when we proposed our program to CitiBank, it turned out that they already had a program namely CitiBank Peka (Peduli dan Berkarya). Others reasoned that they had no funding budgeted for the program,” Aziz said.

Nevertheless, KKI management still believes that KKI can continue to raise the needed funds. “Many foreign enterprises and governments showed their interest to become donors for the humanitarian pro-

List of Program Donation Contributors and the Amount		
Number	Name of Donors	Total Amount in Rupiahs
1	PT. RNI Legal Consultant LGS Salahuddin N. Kaoy	60,400,000
2	PT. Timah PT. Charoen Phokphan	49,500,000
3	Japan Embassy	289,218,617
4	Anonymous	23,588,250
5	Japanese Muslim community and elementary students	19,000,000
6	Standard Chartered Bank KKI	995,502,300
7	New Zealand KKI	250,261,000
8	PT. Aerowisata	249,950,000
Total		3,086,751,267

table 2.2

grams we devised. Among them are Standard Chartered Bank, PT. Aerowisata, the government of New Zealand, the government of Finland, and so on. The percentage of approved proposals is around 70 percent. The collected donations have reached billions of rupiahs,” said Aziz.

Special event

Aziz said, “We realize that not all projects funded by the ‘knocking on door’ strategy always works. If we cannot find donors, we have no choice but to postpone the humanitarian relief program that we planned. Therefore, we must have more strategies relating to fund raising activities. Finally, we agreed that organizing a fund raising event seemed to be a wonderful way of generating a large amount of rupiahs. We have a concept of raising funds that is uniquely different from other charity programs. The money we will make from the event will go entirely to finance KKI programs, while other expenses spent for production cost and campaigns will be covered by the income received from the sale of the event itself. We will sell the event to several companies and TV media, which need publication and spots, so that we are free from production cost payment,” said Ishadi, the secretary general of “We Care Indonesia.”

“We Care Indonesia” lasted for four months, from April to August 1999. The program displayed a wide range of entertainment events to generate charity, such as a musical concert, a fund raising gala

dinner, a school children walkathon, merchandising, an art auction, a fashion show, etc. The program’s closing ceremony, held in Bali, coincided with the celebration of the 54th anniversary of Indonesian Independence and featured Guruh Soekarno Putra’s concert with the support of international artists. This event drew hundreds of celebrities.

1. “We Care Indonesia” Musical Concert

The musical concert was launched at the presidential palace in Bogor. A small working committee was responsible for organizing the event. With poor management capability prior to the event, Chairul Tanjung, the project officer, recruited outsiders to assist in the main committee. They were professionals who participated without pay.

Ishadi said, “Most of the people who are involved in ‘We Care Indonesia’ event expressed very deep enthusiasm and welcomed it because this event is a rare one. It will be attended by Mr. President and held in his palace. Besides we also have ensured everybody that the revenues we gain from this event will be donated to promote humanitarian programs. The committee is not salaried and the artists are willing to be paid only Rp. 1 million per show.”

Ishadi became the general secretary of the “We Care Indonesia” program based on his qualifications and professional history as a former CEO of the national television organization, TVRI. He

is experienced in organizing relevant events and also possesses wide viewer recognition. Nenny Soemawinata, the director of marketing and communication, has TV experience. As the former marketing director of AN-Teve, he designed the "We Care Indonesia" program and hunted for donors. With support from professionals, the preparations went well, from the selection of supporting artists and sponsors to the selection of guests who would be invited to attend the concert. Since the event was for charity, the audience included concerned people who donated and might continue to donate money. Besides President Habibie and his wife, the committee board also invited top bureaucrats, business executives and foreign ambassadors.

More than 100 artists participated and five local TV stations and MTV Asia broadcast it. The Bogor presidential palace, usually used for formal state occasions, turned into a lively venue during that party. Top Indonesian artists sang pop, rock, *keroncong*, and national and Javanese folk songs, backed up by the Erwin Gutawa orchestra.

The concert was delayed on account of heavy rain, but it did not affect the fund raising. The president donated 1 billion rupiahs to support the event's mission. Other guests directly forwarded their donations during the show or filled up the donation commitment forms distributed by the female students of Indonesia University. They could also donate by free pulse telephone or send their money to

KKI's bank account. From this event, the committee raised funds from both individuals and sponsors, which totaled Rp. 3,167,019,348 plus US\$10,726.09.

The individual financial support and company spots covered the operational expenses of the program's launching. RCTI, for instance, priced a spot at 15 million rupiahs per 30 seconds, while TPI was around five million rupiahs per 30 seconds.

Some of the cash donations went to cover production costs while the rest went to TV publicity spots. "The cooperation between TV media and us is actually based on mutual relationship. 'We Care Indonesia' gives wide publicity and recognition while TV media can enjoy money made from the program's spots. It was coincidentally a moment of crisis, so that it enables TV networks to set up such TV pool," Ishadi said.

2. Children Walkathon

Children Walkathon was a part of the We Care Indonesia program series. To promote the program, the committee mobilized some 3,000 students from senior and junior high schools throughout Jakarta to work as volunteers to interview 10 people whom they knew well. The interview used a questionnaire relating to personal identity, occupation, living income, and so on. They were paid Rp. 2,000 per questionnaire.

The sponsors who financed this program wanted to have data from the communities living in several elite and exclusive environments in Jakarta. KKI got

student interviewers from those places, from schools such as Santa Ursula, Muhammadiyah and Al-Azhar. The selection of these students depended on their knowing middle-upper class members of society who were the target of the program. They could interview their parents, relatives, or close acquaintances like their parents' friends and neighbors. Before they started, KKI employed some volunteers to visit schools and to explain the program and at the same time to register the student interviewers.

The students were also expected to give away leaflets containing the profile of the companies that sponsored the program. "Whether they will read it or not is not important. The important thing is that our sponsors can reach their audiences. Some 3,000 names were given to our sponsors, Excelcomindo and Coca-Cola, for example, to help them in identifying demography measurements and consumer's demands. That is the reason why they participated in the program. KKI was successful in accumulating cash donation worth Rp. 300 million from the project cost provided by those sponsors," Ishadi continued.

As a way of expressing gratitude and appreciation to these students, KKI invited them to celebrate a party where some artists also took part. KKI served meals and drinks and gave away T-shirts. "We made much money from this event. Besides getting donations of 300 million rupiahs, we also promoted 'We Care Indonesia.' We have socialized our program to more than

30,000 people," Ishadi said.

3. **Kafe Peduli Concert**

Kafe Peduli Concert (KKP) included 24 cafes in Jakarta that held an entertainment show on July 15, 1999, in Bengkel Café Jakarta. The initiative of organizing this event came from café owners. This event included 32 sponsors; 27 among them were from mass media.

KKP was an entertainment event that combined music, a fashion show and a dance performance. Several famous artists, musicians, and bands from Jakarta and Bandung like Reza, Dewi Gita, Rif ME, The Groove, took part in the show. They performed songs with the music of Purwatjaraka Band and Guruh Soekarno Putra's Kinarya GSP dancing group. The fashion show displayed the latest models of top designers like Aratxa Adi, Oscar Lawalatta and Guruh SP.

The target was to raise at least Rp. 175 million. The committee expected the show to attract 5,000 people. Unfortunately, things did not go as expected as only half the number of invited persons could make it. "Tickets sold were only 1,481 pieces and the income is tickets sold multiplied by Rp. 35,000. The total amount we received was 51 million rupiahs not yet including the tax cut of 7.5 percent," said the vice-chairperson of KKP, Didi, commenting on the fund hand-over procession to "We Care Indonesia" secretary general Ishadi.

Conclusion: Facing Obstacles

Ishadi said, “When we organized the ‘We Care Indonesia’ program, one of the most difficult and unforeseeable obstacles was the heavy rain. Because of this weather problem, some guests went home earlier before the main show began and there was a two-hour delay on its TV coverage. Consequently, some sponsors did not pay their company spots on TV because of the delay. There was even a TV station which did not make full on air coverage due to a live soccer championship program. Actually the committee invited a person who is the expert in controlling the rainfall to anticipate unfriendly weather condition, but God had a different way.”

There were also many donors who made pledges during the “We Care Indonesia” show who did not make good on them. “We have taken necessary actions to follow up our donors commitment by contacting and reminding them of what they have promised us. We always keep on doing it until we find definite answers from them. Sometimes we receive the donation one month later, but there are still donors who ignored it by making poor excuses and explanations.”

The plan to hold the closing ceremony of “We Care Indonesia” in Bali failed, due to lack of financial support. Some artists who took part in the first event did not receive their compensation on time. Other fund raising events planned by KKI were dropped. The KKI management then limited the series of programs to only three events—musical

concert, children walkathon and Kafe Peduli Concert (KKP).

The funds collected from the “We Care Indonesia” program were added to the funds collected from several companies. These went to finance humanitarian and community development programs in several poor environments. The 1 billion rupiah donation funded a project in a poor region with approximately 500 to 1,000 people. KKI partnered with local NGOs to build a community based communication center, to monitor and evaluate the fund relocation and the management of the running capital lent.

Conclusion: Heading an Anti-Drugs Campaign

Starting March 2001, KKI began reformulating its mission. The humanitarian donation program expanded its scope. The program was no longer restricted to only food and capital provisions for the unfortunate community.

KKI’s new mission emphasized an anti-drugs campaign chaired by Prof. Dr. Sujudi. The campaign would deliver a strategy and methodology on education, promotion and research, and study drug abuse. KKI would not donate to a particular drug addict for recovery or healing purposes. The campaign would only provide information and encourage community awareness against the dangerous use of drugs and narcotics.

“It is possible for us to get our mis-

sion and vision through changes since we see that the economic crisis is getting over. Fund raising efforts for social purposes made by other NGOs are growing significantly. Almost all mass media including TV are doing the same thing, such as *Kompas*, *Republika*, *Indosiar*, *RCTI*, *SCTV*, etc. Meanwhile, there are not many institutions that deal with preventive treatment against the danger of drugs. Therefore we must divide our program into small jobs avoiding overlaps with similar program executed by other NGOs," Aziz said.

"We notice that drugs are a potentially dangerous threat to our society. Anyone from the poor to the rich, from elementary to college students, from young to old people, all can become users of these poisonous killing drugs. The increasingly growing number of treatment and rehabilitation centers for junkies or drugs addicts has shown us that the effect has been widely spreading out everywhere. It means danger because in the long run we may witness the loosening of the ties that bind our next generation."

In performing its anti-drugs campaign, KKI prefers the mass media, such as radio and TV, to generate more attention. The mass media can reach the lower classes of the community who are the main target of KKI. "Low class society has become our priority. A wealthy person apparently does not have any financial problem when they want to go into a drug-recovery treatment. But think about the poor people; drugs treatments are very expensive. If we find someone who can-

not afford to go to a rehabilitation center, we will provide information about rehabilitation centers," Aziz added.

Aziz realized that funding sources for the anti-drugs campaign program seems uncertain. The estimated budget for the three-year campaign is 30 billion rupiahs. KKI is still seeking for donors to fund this program. Nevertheless, there are people within KKI committed to supporting the campaign. Tanjung, as the owner of Trans TV, promised to make use of his TV networks to campaign against drug abuse, while Bambang Rachmadi of McDonald's Indonesia proposed to have all McDonald's products attached with anti-drug campaign labels. "Until now the program fund is still not yet fixed. KKI is currently negotiating with USAID, the US Embassy, the government of Singapore, and several NGOs in Malaysia. We still have no response. If we do not get any financial support from outside, KKI is still committed to doing all out fund raising efforts independently so that the campaign can run well," Aziz asserted. ▀

Case 9

Darut Tauhid Foundation

Introduction

The national press dubbed him “the Stephen Covey from Pesantren” (religious school). He is Abdullah Gymnastiar, usually called Aa’ Gym by his students and neighbors. The young preacher from Bandung is well known for his successful preaching program called Manajemen Qalbu (MQ) or Spiritual Management (SM). The program enjoys a large following. His presence at various preaching events, on TV and radio talk shows, attracts many people. He has published books, tapes, and opened training classes on his teaching theme.

Gymnastiar is not only an expert in preaching, he is also a professional in designing fund raising programs. During his term as the chairperson of the Darut Tauhid Foundation, he managed various innovative and creative programs in fund raising. One of his most popular and successful programs is *Kencleng Ummat* or Public Saving. Gymnastiar developed Darut Tauhid become an independent and large social foundation through various business units. It now has total assets of 8 billions rupiahs. Through its Dompot Peduli Ummat (DPU) or Public Care Saving (PCS), the foundation raised millions of rupiahs from the community.

History of Darut Tauhid Foundation

Darut Tauhid Foundation began when several university students in Bandung incorporated an organization called Entrepreneurial Moslem Students Forum (EMSF). Gymnastiar coordinated the forum that operated several small enterprises, such as a newspaper agency, soft and hard printing service, a photo studio and a grocery store. They spent their own funds for the seed capital of these businesses. They also allocated funds for humanitarian activities such as adolescent and student counseling and a regular Islamic preaching program.

The Forum’s activities gradually developed with the increasing number of participants until, on September 4, 1990, the Darut Tauhid Foundation was formally established. At the same time, the Forum moved to Geger Kalong, in a modest rented house with 20 rooms. In that building, formerly a student boarding house, DTF opened the Islamic Education Center, the headquarters for programs on education, preaching and business.

In 1993, DTF bought 500 square meters of land and built a three-story building. The first floor was for trading/business activities, the other floors were for the mosque, education and office space. In order to accommodate the

gradual increase of business unit activities, the foundation set up a cooperative unit, Kopontren, to coordinate all the current business units, since they contributed substantial income.

Gymnastiar said, "Business units are not the core program of the foundation. They are merely operated just to financially help develop the foundation. We believe that both education and social programs will not be achievable if they are not supported with adequate financing. I do not want the foundation to always be a burden on the society. Business units will help all the social programs designed by the foundation to survive and will encourage the people to commit to socioeconomic activities. Business units can also be a center for the students to apply all the theories they have learnt at school."

By 1997, a four-story building for Darut Tauhid Kopontren's office was built. The building became the foundation's office and the center for all business units such as BMT, press publication, multi-printing service, mini market, clothes shop, telecommunications center, etc.

Education and training programs rapidly developed when the foundation joined PT. TELKOM, PT. KAI and other enterprises to carry out the Manajemen Qalbu or Spiritual Management program for their board and staff. In 1998, the foundation again established another business unit called Darul Jannah Cottage. All the business units contribute to the foundation a monthly donation of 400

million rupiahs. The total assets of the foundation as of December 2000 was 8 billion rupiahs.

"Our success in the economic sector has created misperception amid the society. They mostly think that we are a wealthy foundation with billions of capital where they can borrow and ask for financial assistance either for their own business or as an individual or institution. We have tried to serve them as much as we can afford. During the economic crisis, we estimate that problems in the society will be increased in terms of both quantity and quality. There will be more individuals and institutions submitting proposals to our foundation. We cannot afford to help all of them on account of the limited funds available. In order not to burden the financial performance of the foundation, it is necessary to assign a new working unit that will focus on fund raising activities from the people and for the people."

Gymnastiar's great success in managing and promoting the performance of the foundation popularized his name among the public. Several radio stations in Bandung offered to host his program. He then carried out fund raising through the above program. He suggested to listeners to place a used can or a small container next to their radio set. Then they were asked to put some coins into the can in return for the information they get. In less than three months, DTF had enough money to set up a radio station, since the board believed that a radio station was an

effective medium to carry out and promote the programs of the foundation. The station was called MQAM 1206.

The success of the radio-based fund raising program motivated the board of management to assign a special organization that would focus exclusively on fund raising, to avoid overlaps in the management of funds raised from business units and those raised from the community fund raising. In early 2000, an organization called Dompot Peduli Ummat (DPU) or Public Care Saving (PCS) was established to carry out public fund raising. PCS complemented another organization that was formerly established such as Waqf, Infaq, and Dana Produktif Ummat or Public Productive Fund (PPF). PCS also strengthened the role of the foundation as an agent of community development.

Internal Stakeholders

All the founders of the foundation (also members of EMSF) automatically became members of the board of management. Gymnastiar served as the first chairperson. During its initial phase, such tasks as planning and programming, coordinating, and monitoring of program implementation, as well as fund raising, were taken over by the chairperson. The other members were limited to supporting the chairperson in specific cases such as in the management of the existing business units and in the preparation of materials for preaching.

In 1993, with the completion of a

mosque and the construction of a supermarket, the board of management was reorganized. In that reorganization, a board would carry out special tasks to manage the available religious schools or Badan Pelaksana Pondok Pesantren (BP3), or the Pesantren Executing Board (RSEB), and to coordinate the daily operations of the foundation. The assignment of the new board (RSEB) was mainly aimed at assisting with the main tasks of the chairperson (Gymnastiar) who would no longer concentrate on the routines of the foundation. Gymnastiar continued to share ideas and concepts with the foundation and to RSEB in one-day meetings, typically held every Saturday.

The foundation also assigned several community leaders to sit in managerial posts. They were appointed to the steering committee and advisory board. Most of them were Gymnastiar's colleagues with academic and entrepreneurial backgrounds. The academicians were expected to share the best ideas and inputs according to their field of expertise, such as on financial management and administration. Entrepreneurs were expected to assist in fund raising networking.

The board of management selected from the senior board members directly appointed the chairperson of BP3. The chairperson of BP3 was Abdurrahman Yuri, Gymnastiar's younger brother, one of the founders of the foundation. In undertaking his duties, the chairperson is assisted by the divisions of research and development, general affairs, public

relations, administration and finance, and HRD. These core units of BP3 also supervise other departments assigned to coordinate all the programs of the foundation. The departments are led by one department head appointed by the chairperson, upon the recommendation of the management board. HRD deals with staff recruitment for each department. Department heads report to the chairperson of RSEB. Yuri asserted, "Department heads are the ones who design a program or activity of the foundation that they propose together with the budget in the annual organization assembly. The board of management will assign the programs upon the agreement of all participants. The organization assembly is held to evaluate all the outputs and progress of the programs and to change those board members who are no longer active or resigned."

In addition to the organization assembly, there were inter-department coordination meetings every two weeks. These meetings focus on the progress of the daily programs and on the more urgent agenda. Each department also holds an internal meeting with their staff or with the respective divisions, depending on the urgency.

The foundation centralizes the budgeting and financial management, instead of the previous policy of decentralization. All funds raised by each department are transferred to the foundation's account before it is redistributed to each department in accordance with their respective bud-

gets and programs. "The reason of taking that policy is because each department manages different programs or scope of work. One department can obtain more funds if it will carry out fund raising. On the other hand, a department that is assigned to exclusively conduct social programs will not be able to get any surplus funds. Decentralization in budgeting and financial management will result in high disparity in funding allocation."

The Role of the Management Board in Fund Raising

Gymnastiar still serves as the principal public relations person of the foundation. With his charisma, he readily evokes public sympathy. His *Management Qalbu* program is a source for fund raising programs. He is the "tollgate" of Darut Tauhid since his listeners followed whatever he recommended. "Honestly, we recognize that Gymnastiar has shared both brilliant ideas and millions to the foundation. Under his leadership, many fund raising programs have been successfully managed. However, we also understand that this type of leadership will not be sustainable as a long-term plan or program. Besides it will create a high dependency on one single figure, it unintentionally creates the personification of the figure with the institution. The public may perceive that 'Gymnastiar is Darut Tauhid.' It may be possible if he is no longer active in the foundation or passes away, people will think that the

foundation has already closed or terminated.”

Yuri added that such personality-based leadership was normal in Indonesia, particularly in various religious schools. The charisma and reputation of its leader are used to attract followers or supporters and to build the network for fund raising. Unfortunately, charisma that is not followed by an intensive regeneration process and backed up with a genuine system has resulted in many religious schools closing soon after their leaders were no longer active or had died. “Fortunately, all of us including Gymnastiar have already been aware of the above phenomenon. Gymnastiar himself has gradually minimized his involvement in some programs exercised by the foundation. He also has begun a regeneration program and establishes a sound system that will continue his works and ambitions. Gymnastiar has controlled the foundation. Just in case he dies, the foundation will not follow and die, because his function has already been replicated by a system that will be executed by several other board members. Especially in fund raising activities, the board of management has already tried to reduce the dependency of the foundation on the figure of Gymnastiar. For that purpose, the board has assigned an exclusive organization with a professional team that carries out the fund raising programs. Together with the staff, the board outlines and implements programs, while Gymnastiar only assists with their socialization.”

The foundation has three departments that directly deal with fund raising activities: Education, Kopontren or Religious Schools Cooperative Unit, and Social Department. The Education Department and Kopontren focus on producing profits by carrying out various socio-economic activities and programs. The education department designs and offers regular education and training packages to the public. The Social Department coordinates with PPF, to deal with fund raising.

The support staff was recruited from selected students at Darut Tauhid Religious Schools. They studied the Islamic religion and were also involved in various programs developed by the foundation. Some students assist in running the available business units, and others prepare class instruction materials and the equipment required by the education department. Others also participate in the PPF social programs, particularly fund raising.

Both the steering committee and advisory board participate in fund raising programs. They introduce the foundation's programs to their colleagues or acquaintances. The steering committee includes the top management of several enterprises and institutions, and these persons send their colleagues and staff to various training programs held by the foundation.

The participants, mostly top executives with relatively high salaries, are potential donors. Before the training, PPF prepares a brief presentation on the foundation's mission and programs. If

time is limited, the staff gives out brochures, magazines and forms to potential donors. Some participants who enrolled in the training have become regular donors of the foundation.

“Dompot Peduli Ummat” or Public Care Saving

Public Care Saving (PCS) established in early 2000, following the comparative study-visit of the management board to the Al Falah Social Fund Foundation (YDSF)-Surabaya, a successful foundation in public fund raising. “We basically have the capacity to create the same thing as YDSF, for we have great potential. We have a public figure that can serve as a public relations officer and fund raising designer. Gymnastiar is truly professional in attracting public interest. We are also supported with a sound team and considerable public commitment to humanitarian activities, who are spreading out mostly in Bandung, Jakarta, Batam, that may all be great potential for our organization development.”

PCS exercises wide authority to design programs and plans for fund raising. The foundation has appointed Lulu Awaluddin as its chairperson. She is supported by the three division heads of administration, information and public relation, and programming. Division heads are responsible for program implementation and are accountable to the chairperson. Each division also coordinates subdivisions to assist with donor net-

working, donor database programming, and program implementation. According to Awaluddin, successful fund raising depends on the soundness of such components as database management, informative presentation, well-arranged social gatherings, and mass media releases.

Within six months, PCS raised 2 billion rupiahs. The present monthly average is 200 million rupiahs. During the fasting month of Ramadhan, donations reach 900 million rupiahs, raised through such programs as *Kenceng Ummat*, Public Productive Fund (PPF), and Waqaf. As of December 2000, there were 14,513 donors.

The Public Productive Fund channels resources to three main public segments: community development, humanitarian assistance, and missionary expansion. For these three segments, PPF provides assistance in socioeconomic programs such as business units' expansion, health services, handling of refugees or victims of natural disasters, human resources development, and physical construction. The total amount of funds allocated for these purposes was, as of December 2000, 1.06 billion rupiahs, most of it for socioeconomic development programs.

Fund Raising Activities

Kenceng Ummat or Public Saving

Gymnastiar initiated this program for the first time while he was actively hosting a radio preaching program entitled *Management Qalbu* or Spiritual Management, on Paramuda FM Radio in

Bandung in 1995. Upon the request of his listeners, the *Kenceng Ummat* program went on the air and is relayed by two other FM radio stations (Ganecha FM and Ditasari FM). Based on a survey carried by AC Nielsen, an independent auditor, the program, which is aired 6 a.m. to 7 a.m., was enjoyed by not less than 400,000 listeners. Gymnastiar asserted: "I got the idea for *Kenceng Ummat* when I saw a candy commercial on television. In order to obtain 100 rupiahs per candy, the producer bravely invested billions of rupiahs on advertising. That ad taught me that whatever its rate, although it is small, if it is managed professionally it will yield considerable output. The most important is how we can persuade the public that their money of even 100 rupiahs is valuable. Besides it will be useful for those in need, that coin money is used also as a password when listeners raise questions. Before uttering their questions, they need to put some coins into a used can and say 'kenceng ummat' while shaking it."

The above approach proved to be effective. Within one month, the foundation held an open public preaching gathering at Gasibu court in Bandung. All the radio listeners were invited and asked to bring their filled cans. A large box was prepared to store the coins. The total collection amounted to 35 millions rupiahs, which filled up into six sacks. Together with the coins, people also put some "leaves" (small denomination paper money) of 1,000 to 10,000 rupiah. Those who lived outside Bandung sent their

coins via post office draft or bank account transfer. "This ample but innovative approach has duly helped people contribute their money. To them, a 100-rupiah is not so important. However, if it is contributed by a great number of people, it can accumulate to millions of rupiahs."

When he traveled abroad (i.e., Australia, Malaysia and Mecca), he still conveyed his preaching by telephone. Even when he was sick, he still spent at least ten minutes. He also frequently spent his personal expenses for the telephone when he preached from foreign countries. This shows his strong commitment to his public. In order to take over his role or tasks when he is absent or if he leaves the program, the foundation has assigned a team of 10 religious Muslim teachers (ustadz). "Within the last six months, the amount of donation that could be collected through *Kenceng Umma*" of Public Saving was not as high as before. It ranged between 3.5 and 5 million rupiahs per month. However, the amount of donation raised through the Public Productive Fund (PPF) remains high or even increased. It can still afford to contribute a monthly donation of 200 million rupiahs. The decreasing quantity of donation that is raised through the *Kenceng Ummat* program is reasonable. It results from the offering and introduction of new fund raising programs, such as PPF and Waqaf, that are also on the radio. Additionally, people at most also prefer to contribute their donation through PPF and Waqaf programs. Temporarily, all funds that can

be raised through *Kencleng Ummat* are allocated to finance the operational costs of the radio station.”

The popularity of Gymnastiar has increased since he was offered a weekly live show on three television stations: RCTI, SCTV, and TVRI. The young preacher is also frequently invited to deliver speeches in gatherings held in Jakarta, Surabaya, Batam, Singapore and Australia. “We actually wish to insert a fund raising program like *Kencleng Ummat* within those activities. But it is still hard to carry out such a fund raising program through the above activities as they are solely organized by all the television stations concerned. We may just be able to carry out fund raising programs or promotional activities when Gymnastiar preaches in open public gatherings. During those events, we can give out brochures, magazines and forms for candidate donors. We normally gain enough donations although it is not as high as that made through the *Kencleng Ummat* program.”

Radio campaign

According to Awaluddin, “Upon the success of the *Kencleng Ummat* program, the board of management has recognized the importance of a radio station in an institutional and fund raising program development. A fund raising program can be disseminated effectively on a radio program. Therefore, upon the approval of all donors, we decided to establish an AM ra-

dio station, which was financially supported by the *Kencleng Ummat*-based income. It can be transmitted all over West Java. Our radio station was established in 1999. It was called ‘MQAM Radio’ symbolizing the preaching program hosted by Gymnastiar. MQ is the abbreviation of Management Qalbu (MQ). That name was given just to honor all the great support given by the listeners of the *Management Qalbu* program. MQ can be a ‘brand image’ that the radio is mainly serving for educational program promotion, preaching and information transfer, and fund raising development. It is indicated from its main menu consisting of *Management Qalbu* (5 a.m. to 6 a.m.), *Fans to Fans* (6 a.m. to 7 a.m.), *Chains of Science* (4 p.m. to 5 p.m.), and *Study with MQ* (8 p.m. to 9 p.m.).”

In 2000, MQ radio was nominated as the radio station with the most listeners for the AM radio category in West Java. According to a survey by AC Nielsen and Arthur Andersen, two internationally recognized independent auditors, most of the listeners were from Bandung and its surrounding areas, and ranged from young people to old people, and mostly came from the middle and lower classes.

A special section under the Public Relation Division supervises MQ radio. Its management consists of a section head and 18-member staff. Because of the limited personnel, some also do double jobs. One staff member may serve as administration officer, reporter and operator. But some

of them do not have the skills and know-how. Many are students from religious schools. They got their basic skills on broadcasting in MQ or had held jobs in other radio stations.

Yuri recognized that MQ radio is not yet managed professionally, particularly in increasing its cash sources. The foundation still relies on donations raised through the *Kencleng Ummat* program for its operational costs. That amount became insufficient as inflows began to decrease in mid-2000. Inflows of 3 to 4 million rupiahs are below the monthly operational cost of 7 million rupiahs. Advertising only contributes a monthly income of 1 to 2 million rupiahs, because MQ restricted the number of commercial advertisements. In order to overcome that financial problem, the foundation allocates some funds from the educational and training programs held under the PPF.

The foundation did not consider the benefits of MQ to DTF. MQ radio has saved the foundation millions on expenditures for promotions. The radio station plays a vital role in promoting DTF's fund raising programs. All announcements and invitations are aired quickly to the public.

1. Program Design and Presentation

Awaluddin explained: "An informative program much depends on how it has been designed and presented to the public. We never have a special design of a fund raising program, but we only insert it in every regular program we

hold. For example, if we want to raise zakat-fund, we only inform people through our special program that we call *Zakat Counseling*. This program allows all the listeners to discuss and propose ideas on the zakat issues. At the end of the program, the speaker will introduce and recommend the role of PPF in zakat raising and distribution.

"The fund raising program can be designed as an advertising spot or a typical announcement. As an advertising spot, we have to remain focused on its messages and airtime. When we offer a program we have to present it objectively and avoid a begging or pressing image to the public. We also have to consider that airtime shall not be more than 30 seconds. If the two aspects are well considered, MQ radio can perform its duty more feasibly and professionally. If the radio programs are mainly filled with sponsors, I am afraid that the public will move to another radio.

"For a typical announcement, we still take advantage of Gymnastiar's extra strategic position as a host of a special radio program, *Fans to Fans*. He can just announce it to his listeners while he is hosting the program. The program that offers dialogue with listeners is on the air at 6 a.m. to 7 a.m. It is designed as a counseling medium for the listeners to express their problems. Gymnastiar will take his opportunity to inform his listeners about the fund raising programs held by the foundation."

The radio has built up the base of candidate donors and kept in touch with

the active ones. The foundation shall announce to the public its audited financial balance sheet and report all the successful social programs and physical construction routinely. The radio provides transparency, so that the public will believe that donations go to the right uses.

2. Database Programming

In order to accommodate the increasing number of listeners of the MQ program on MQ radio and the other radio stations, the public relations department decided to establish a forum for MQ listeners, called MQ Social Forum (MQSF). All members of the forum receive membership cards. Awaluddin indicated, "We actually have recognized the importance of a sound database, which is inevitable to a fund raising program, since the establishment of PPF. Therefore, by utilizing the available data of MQSF's members, we have commenced the database entry process. Every member is sent a PPF's candidate donor form. So, they may have two memberships at the same time. Their MQSF membership number is also attached in the PPF's membership card. In order to establish a sound database programming, it shall be professionally managed by a special division."

PPF increased its members by carrying out data inventory and opening registrations for fresh members on radio. Registration for new memberships also occurs during the public preaching. Participants are provided with brochures, magazines and donor membership forms. On registration, they are encouraged to

contribute voluntarily. They are also entitled to determine the use of their donations, such as to *Kencleng Ummat*, PPF, Waqaf, and other programs.

In order to maintain the donors' loyalty and satisfaction, active donors are entitled to free magazines. Or, upon the request of the donors, the foundation can send its staff to pick up their donations at their homes or offices. "In the future, we plan to utilize the available database for our designed business units program. One of them is 'Delivery Service.' We will carry out data inventory on the daily needs of our active donors. For example, such staple foods as rice, eggs, oil and some ingredients can be delivered to their houses so that they can economize on transport fees. We believe that this business will be successful, as we have already considerable public support with strong loyalty. "

Public Productive Fund

According to Awaluddin, "The Public Productive Fund is programmed to help overcome the socioeconomic problems among the community. Due to the continuous economic crisis, there is much unemployment and poor people come and ask for capital assistance from the foundation. The problem cannot be resolved only by preaching to them. Because it is a public problem, so the public shall be involved to overcome their problem."

Some members of PPF's board of management proposed that funds not be allocated just for the operational cost of

MQ radio, but also for other productive programs, for example, to increase the existing business capital or to open new business units that may absorb manpower. With a diversified use of its funds, PPF expects the number of donors to increase.

“The management of this program shall be more professional than that of *Kenceng Ummat*. With a sound database programming and larger numbers, we will apply a membership system. We expect that donors will contribute their donations on a monthly basis in accordance with their capacity. They will state their commitment as they are completing the donor membership forms. They will also mention the rate of their donation in the membership form. That system will allow us to predict the total amount of funds that can be raised on a monthly basis.”

PPF also offers donors options, such as self-submission, pick-up by PPF staff, post office draft, and bank transfer. In order to provide high services to all donors, PPF formed a visiting team of ten members, to make monthly visits to donors at their homes or offices. The team also acts as marketing officers to introduce the foundation and to carry out donor networking.

The prior assignment of several coordinators for some provinces, offices and preaching groups, actually facilitated the tasks of the visiting team. Those coordinators collect the donation at their duty area. Each coordinator is responsible for 20 to 200 members. There are 50 volun-

teers. However, there are also many non-designated coordinators who collect donations and take them to the foundation. They also help to build the network by recommending their colleagues and acquaintances. “Actually, we do not determine a specific amount of donation through the Public Productive Fund program. They may choose voluntarily. However, most of them choose this program as they think that it is more beneficial. Since its socialization in 2000, the public has positively responded to this program. Of 13,000 donors of the foundation, 7,000 donors (60 percent) prefer to contribute their donation through this program. Their monthly donation rate is from 400 rupiahs to 4 million rupiahs.”

As of December 2000, the program has raised 500 million rupiahs or 25 percent of the total funds of the foundation. In addition, its monthly donation varies between 70 and 80 million rupiahs. The contribution of donations through this program enables the foundation to run more than 60 units of small to medium-scale businesses. The foundation provides capital of 500,000 to 50 million rupiahs to the business units. The foundation also provides managerial training to small entrepreneurs.

Waqaf

In addition to the Public Productive Fund, the foundation also offers waqaf-fund to the public. Waqaf is also one of the programs most selected by the public,

with a total monthly donation of 20 to 26 million rupiahs. Last November and December, total donations amounted to 400 million rupiahs, due to the launching of the new religious school complex in the Permata Hijau area. The fund would finance the land acquisition of one hectare for its building construction site.

According to Awaluddin, the motivation of people to contribute waqaf-fund comes from the Islamic code. Waqaf is a contribution of goods or property for social use, such as land for the construction of a school or mosque or for a house for orphans or old people. "Therefore, when we announced that the foundation plans to build a new religious school compound, there are many donors willing to contribute their land. The land acquisition will cost the foundation a large amount, one billion rupiahs. The available fund owned by the foundation is limited and has been allocated for its regular programs and operational costs. Based on that situation, foundation must seek financial assistance through some fund raising programs."

PPF announced its plans on radio, bulletins, mass media and brochures. For example, PPF specified a formula for waqaf contribution, converted into a unit price of land per square meter. If the unit price per square meter is 110,000 rupiahs, a donor of that amount receives a certificate for one square meter. Every donor is entitled to a certificate of involvement. "The specification of the above criteria is indeed uncommon in the process of waqaf-fund contribution. Commonly, a

donor will contribute his donation as much as the total price of the proposed land. However, that criterion was determined in consideration of the high price of the land that may not be affordable for one single donor. In fact, Moslem people never felt bothered about the above improvisation. This is indicated from the increasing number of participating donors although they have to spend quite a lot for a square meter of land. Some people tried to collect their money in groups before submitting it to the foundation."

Within three months after the campaign, the total raised was 500 million rupiahs. In the next phases, the board planned to carry out waqaf-fund raising programs for the construction of religious school buildings and facilities, which would need billions of rupiahs.

In addition to waqaf-fund, PPF also developed and carries out fund raising activities through other programs such as zakat, infak, and sadaqah (charities). The total raised by the three programs is expected to reach 37 million rupiahs per month.

DTF plans to hold a campaign on zakat with the core theme of "Zakat Concern." PPF recognized that a fund raising program based on zakat is minimal. There are many kinds of zakat—property, profession, share and obligation. "The minimal intensity of zakat raising is currently thus not because of public objection, but has resulted from their lack of knowledge that zakat contribution is obligatory." Therefore, the foundation decided to per-

form a comprehensive and intensive campaign on zakat raising.

Special event

The foundation also uses religious gatherings to raise funds since any event with Gymnastiar as a main preacher normally draws a large following. Not less than 2,500 people attend the event, held twice a week, at the Pesantren—traditional Muslim teaching facility. The participant numbers might even triple if the event uses a huge open area such as a soccer field or a large mosque as its venue in Bandung.

Gymnastiar always asks his radio listeners to come and bring along their “kencleng ummat.” Moreover, he also encourages his audience to carry rice, papers, or used clothing to be donated to people who have suffered from natural disasters, or are from poor communities or are refugees. The donations are collected in boxes in the front entrance provided by the event committee.

These huge events increase the quest for new donors. DPU has opened outlets that provide services to members, in case they need access to cash or wish to become donors. Special events occur not only in Bandung, but also in other big cities like Jakarta, Surabaya, Batam. DPU coordinates the special teams to help Gymnastiar. The team carry all the supporting fund raising documentation and print materials, such as brochures and leaflets containing the foundation's profile,

magazines and application forms. Awaluddin said, “During this colossal event, we could sometimes raise Rp. 25 million or even more, such as Rp. 50 million. The papers collected could reach five trucks while the rice could be in tons. The amount of the rice sometimes exceeds the capacity we have required since some participants give more than a handful of rice. Some even give a sack of rice. If it possible, we distribute the rice donation directly to the suffering areas. Nevertheless, if we are afraid that the rice may rot on account of the long delivery delay we then will have to sell it and give the donation in cash. The papers we collected will be sold to the flea markets.

“We give away some of those collected used clothing to the poor people while some will go to an auction bazaar named Pasar Jumat (Friday Market) held every Friday at the front yard area of a mosque. The Pasar Jumat is not only for selling used clothing, but also various similar merchandises from used electronic products, used home appliances to books, which are all donated by the community. If we find some defects in our products we make sure they are repaired before they go to the market. The market has turned out to be a favorite place for anybody with lower income in catering for his or her daily needs. The revenue we obtain from this sales activity is used to finance a different number of social activities. In short, this idea has accommodated people who want to shop and at the same time to do charity.”

Income generation

According to Yuri, "Self-reliance will always be a basic principle that Gymnastiar holds strong. He does not want his institution totally reliant on the community's donation. He also considers the old pesantren's method of mobilization and development, in which pesantren is taking advantage of either the community's donation or that of the student's parents. He argues that in spite of its pesantren, an institution should be well organized and be independently funded by expanding more profit units and opening up business opportunities with good management."

Hence, since its initial founding, the foundation has expanded into several kinds of business activities to run pesantren. All the present eight business units of the foundation grew from smaller business activities. The initial funding came from Gymnastiar and his staff's money. The supermarket, for instance, started as a small toko kelontong (grocery) that provided daily necessities for its santri (pesantren students). Wartel (a telephone and communication kiosk) was once a coin-box facility that the foundation provided for the santri who wanted to keep in touch with their faraway families.

To avoid confusion between the revenues from the business units and the donations from the community, the foundation set up a different division of finance and accounting management. Kopontren now manages all the business units previously managed by the foundation. Kopontren was given the authority

to coordinate these business units although it is still under the foundation's supervision. Kopontren has full autonomy on financial matters. By the end of the year 2000, the total assets of the eight business units was over Rp. 8 billion. The revenue ranged from Rp. 200 million to Rp. 300 million every month.

The education division is in charge of coordinating the pesantren division, training and workshop division and the formal education division. Pesantren earns Rp.100 million from its regular short training courses. Pesantren, as the organizer of pesantren kilat (a short Muslim-based education training program), could gather as many as 5,000 students from outside Bandung. Pesantren normally charges each student a fee ranging from Rp.100,000 to Rp. 300,000. These students believe that joining pesantren kilat is a wonderful way to spend their holidays.

The training and workshop division designs several workshop and training programs for companies and government agencies. In one month, the division could hold at least four workshops, totaling more than 2,000 people. The participants are usually recruited through open houses in their offices. The program attracts many people because its design includes religious value nuances not covered by similar training programs. In a month, the division could generate Rp.180 million. At one time, the foundation used the income to buy 500 square meters of land where the pesantren

building now stands.

Future Plans

Awaluddin pointed out, “One of the obstacles that we must confront is the poor experience and knowledge capacity of our human resources. Most of our staff comes from santri and we did not recruit them based on their experiences and skills but more on their sincerity and dedication. Hence, in the last few years, we have been empowering our managerial capacity through more institutional visits to several similar foundations. The board of trustees has been very much involved in encouraging any activity related to the development of human resources, like delivering consultancy and internal training on management and finance.”

The foundation has expanded its linkages by operating a new FM radio station. According to Yuri, the Radio MQAM is unable to reach a wider audience because it only reaches the grass roots population. The middle and upper class society in Bandung prefer listening to FM radio. The new radio station requires more exciting and appealing programs than other FM radio stations without forgetting its basic education, promotion and information messages.

The foundation has planned variations of its basic management theme show to reach the larger Jakarta population. “If this program is working out, automatically the more funds will be gained considering the higher income capacity of the

people of the city of Jakarta. Otherwise, at least we will be designing it in the form of promotional acknowledgement of the foundation.”

The fund raising effort in Jakarta would be handled by Darut Tauhid’s Jakarta branch. The foundation also plans to open another branch in Batam, Sumatra. The foundation plans more new openings in several cities in Indonesia, still using the model of religious gathering—*Manajemen Qalbu* created by Gymnastiar. The next plan is to establish DPU in the new branches to accommodate the potential audience. The money will not go to headquarters, but will be utilized to solve the different socioeconomic problems in the respective regions. ▀

Case 10

Medical Emergency Rescue Committee (MER-C)

Introduction

Hundreds of people were lying down all over the port area of Galela. Some were badly wounded. A baby had an infected right hand. An old lady related how she was injured in her right eye and a mother wept over her dead children.

Soon after, a large Hercules transport plane landed. Men in white shirts came out carrying boxes labeled MER-C (Medical Emergency Rescue Committee). The volunteers treated the injured people. Despite minimal equipment they tried to save the lives of the refugees who were able to escape from the ethnic conflict.

The volunteers were from the medical staff of MER-C, an NGO that provides medical assistance to victims of wars or conflicts, unrest, extraordinary events, and natural disasters. MER-C also offers financial assistance and psychological programs to the patients and children of the refugees. MER-C has been in 21 humanitarian missions. The first mission was for the refugees from the ethnic conflict in Ambon in April 1999. The Ambon conflict spread out to almost all the islands of Maluku such as Halmahera, Galela, Tual.

Background of MER-C

MER-C began with a medical team from the University of Indonesia deployed to Tual, South East Maluku, in April 1999. One of the team members, Dr. Basuki Supartono, observed the situation, and then contacted his colleague (Dr. Syafiq Basalamah, Sp.B.O.) in Jakarta, to send additional doctors to the site immediately. Afterwards, three more doctors, including Dr. Jose Rizal Jurnalís, went to the site. "Actually, we had high motivation to participate in providing assistance, but we had no idea how to realize it," said Dr. Jurnalís, currently chair of MER-C. A generous man in Jakarta with relatives in Ambon paid for the flight tickets. Medical instruments were borrowed from Siaga Raya Hospital where Jurnalís worked. Some doctors and lecturers at the University of Indonesia contributed to the other costs. "Finally we arrived at the conflict site, in spite of very short preparation," said Jurnalís.

At the conflict area they found several medical staff that were neither professional nor balanced in handling the victims and refugees. "A neutral stand and professionalism were very hard to find in that area. In fact, when someone has already been committed to be a doctor, he or she must be balanced and fair in help-

ing people regardless of his or her group,” asserted Jurnalís.

The above phenomenon moved Jurnalís and his colleagues. On August 14, 1999, Jurnalís, Basalamah, Supartono, Dr. Henry Hidayatullah, Edi Patmini, S.Ked, Deny K. Ramadhan, S.Ked. and Bona Fitrah Akhmad, S.Ked, agreed to establish MER-C (Medical Emergency Rescue Committee).

The six founders of MER-C then prepared the initial organizational structure of MER-C consisting of the organization assembly, steering committee, advisory board, board of trustees, expert staff, and chairperson of the presidium of MER-C served by Jurnalís since its establishment. Under the chairperson were presidium I which coordinated the financial division, presidium II which coordinated the secretarial division, presidium III which coordinated the education and training division, and presidium IV which coordinated the information division and public relations/foreign affairs division.

MER-C sought volunteers based on the letters of MER-C. Category M covered medical staff that are ready to be volunteers but not for deployment to the conflict site. Category E consisted of those ready to be deployed to the conflict site. Category R was for the non-medical staff for the conflict site. And Category C consisted of non-medical staff not to be deployed to the conflict site. Initially, MER-C was only able to register 50 volunteers. However, the number of volunteers has increased to 200 person-

nel with the increase of social unrest in some provinces of Indonesia. “However, the really active ones are only about a quarter of the total number,” said Suseno, chief of the division of public relations.

Since its establishment, MER-C has focused on three primary programs—emergency assistance, patients financing, and psychological programs for refugees’ children. The team requires two to five days to prepare funds, medicines, medical equipment, and voluntary staffs to be deployed.

Jurnalís admitted that MER-C, during its initial period, did not have a specific fund raising system. “We just did it incidentally. We just went to some colleagues who work as employees, lecturers and doctors. We contacted those who could help or participate in MER-C’s programs. Most of them are our colleagues and acquaintances at the University of Indonesia. We approached those who show a high concern on humanitarian missions,” said Jurnalís.

MER-C typically approaches donors through the traditions of a Moslem society such as the giving of zakat, sadaqah and infak. MER-C approaches mosques and attends Islamic gatherings to attract the attention and concern of Moslems to share some of their wealth with their brothers and sisters in need. The funds that are raised at each activity varies between Rp. 100,000 and Rp. 5 million. When a conflict or disaster occurs, the MER-C staff collect facts and data at the conflict site, even as they focus on the

humanitarian mission. The information can be used for future fund raising or consciousness raising.

Since 2000, MER-C has been operating three branch offices in Malang, Medan, and in Germany. The opening of the German branch was historical. When ethnic unrest occurred in Ambon, Maluku, the Western world received biased or false information. To them, there was an Islamization campaign in Ambon to kill all Christians (Protestant and Catholic). MER-C sent Jurnalís to campaign all over Europe, including Germany, England and Belgium to provide information and data about the Ambon conflict. Jurnalís's activities attracted attention and sympathy from the Indonesian citizens abroad. Some of them showed their commitment by establishing the MER-C office in Germany. Germany's branch occasionally tries to raise funds for medicine and medical instruments. "They mostly contribute grants individually. Thus, an activist of Germany's MER-C who works in a hospital, shares information with his or her colleagues and relatives and contacts some hospitals for fund raising activities when unrest and disaster happens in Indonesia. For instance, when the Bengkulu earthquake happened, Germany's MER-C succeeded in raising funds of Rp. 30 million, which was contributed in the form of medicines. Several Indonesian groups in some European countries also performed similar things. Jurnalís recognizes that the operation of branch offices has been very effective and

efficient in disseminating the programs of Jakarta's MER-C. When we are dealing with medical assistance, time is crucial and important."

The Medan branch covers all Sumatra starting from Aceh through Bengkulu. And the Malang branch covers Madura, Java, and Maluku. Jurnalís said: "MER-C's branches handle the fund raising program. The Jakarta office only supports them with some equipment, documentation and leaflets. Medan's MER-C has already formed an association with the Waspada Post for fund raising." Although they have full authority, branches report their programs to the Jakarta head office. MER-C plans to open new branches in Padang, Aceh, Surabaya and Manado.

Internal Stakeholders

The original organization lasted one year. In January 2000, MER-C reorganized with new operating divisions under each presidium. The management gave wider responsibility to each presidium. For instance, Presidium I now supervises not only the financial division but also the funding division, Presidium II supervises the administrative and domestic affairs divisions, and also coordinates with the new division of HRD—with the two subdivisions of administration and recruitment. Presidium III was not reorganized. Presidium IV was reorganized to supervise the audiovisual, photographic and statistic divisions, and the new division of publishing.

However, the new management was only effective for seven months. In August 2000, the organization assembly minimized the role of the presidiums. Presidiums were no longer technically involved in the organization. An operational manager would supervise the divisions of informatics, public relations, HRD education and training, programming, marketing, and the financial division, the last one level higher than the other divisions as it also supervised the secretariat. "By efficient management, we really hope that every division will work more optimally and effectively. The assignment of the operational manager will also replace the role of the PIC (person in charge) that used to be assigned on every mission," Jurnalís stated. In order to run the organization, since 2001, MER-C has assigned six staff members full-time including the manager of operations, an executive secretary, assistant executive secretary, accountant, cashier and office boy.

MER-C has a steering committee, advisory board and expert staff who all remain active. They frequently advise the organization in the selection of missions to be conducted. Some of them (in the advisory board) possess wide networks and lobbying skills, such as Adi Sasono, Des Alwi, and Dr. Mun'im Idris, Muchlis Ramli. For example, Adi Sasono introduced himself to Mr. Zuhail (ex-Minister of Research and Technology in Habibie's cabinet) to say that MER-C would conduct a humanitarian mission to Halmahera. Zuhail paid for the team's

flight tickets. Another generous individual, an acquaintance of one of the board of advisers, provided the field team with speedboats.

The advisory board and steering committee also help. Jurnalís related his own experience when he and the other team members were trapped in the Galela conflict area. He contacted the advisory board for immediate help. Some of the advisory board members then contacted security officers and other parties in the conflict, and Jurnalís and his team were able to escape from the conflict area.

The presidium officers are all founders of the organization. They often suggest alternative solutions to the team on duty over a problem or obstacles encountered in the field. "For instance, when we were on a mission in Ambon, sporadic clashes and unrest broke out all over the area. They immediately offered opinions on whether the team should split up or not. In addition to that, presidium officers are mostly doctors and they lobby some hospitals for medical equipment assistances. They will intervene in case a problem cannot be solved by the staff."

The organization assembly appointed the management staff, discussed the annual programs, and evaluated the teams' work, and set up the strategy for the future programs and missions.

Jurnalís added that the mass media (press) played a vital role in disseminating MER-C's programs among doctors, university students and the general pub-

lic. "Upon the completion of one mission, the press or mass media would cover it on their news. Additionally, the 'word of mouth' method has also been effective in attracting people to become volunteers. If someone asks about us we then just show what we have already done."

MER-C holds a weekly managerial meeting focusing on the MER-C's internal agenda and the options for deployment. Presidiums are usually involved on crucial issues. "Invitation to and coordination with presidiums can typically be made through e-mail facility."

MER-C has two operating functions—supporting and programs. "The application of these systems will clarify both supporting and supported divisions. The separation of those departments was in consideration of the quick rhythm needed by MER-C's team in conducting their missions. Frequently, humanitarian missions are prepared in a very short time or in two to four days. Our principle is quick action. Financial division deals with funding preparation and division of logistic and medicine prepares all grants to be deployed. In fact, the divisions of public relation and information are mostly support roles. It is normal when a due date of one mission is coming, the team may work 24 hours. We assist with an emergency. We are not supposed to be part of the emergency itself," asserted Suseno.

The Role of Staff in Fund Raising

All volunteers of MER-C including manager and staff are involved in fund raising activities. MER-C never had a specific division dealing with fund raising. Early in 2000, the funding division was created, but it was not particularly effective. "It may be understood that all staff of MER-C are volunteers or part-timers and that may likely handicap the effectiveness of the funding division. As we say, we do it by trial and error."

MER-C's volunteers came from various social backgrounds such as doctors, lecturers, university students, private employees, and other society members, but most of them were university students. "We always say to the volunteers that they have the potential and capacity. We can understand their restricted time, but they can still share ideas and input on donors with the organization."

According to Suseno, due to the absence of an effective fund raising management division, MER-C tried to use the personal connections of both managers and volunteers. "If each volunteer proposes ideas and inputs, we just make use of his links to pinpoint those that are likely to become donors," explained Suseno.

The public relations staff introduces MER-C's programs to potential donors and explains how MER-C's teams mobilize in the field of conflict. They explain how MER-C assists victims, provides financial assistance to the patients and a psychological program for the refugees' children.

“What should be focused in this case is how they can understand and perceive MER-C’s profile properly at the very start. It is hoped that through these activities the people will have a high awareness and concern, and participate in contributing their funds.

“Fund collection is carried out by financial division. Because our activities are concerned with credibility, it shall be arranged in a one-way direction. Division of public relation will only deal with spreading out information and carrying out promotion, and fund collection is controlled by the financial division.”

Suseno noted that volunteers who worked in several agencies or in marketing offices were very helpful in fund raising. “They hold presentations in several companies. We then follow it up by sending proposals. For example, based on the information sent by one volunteer, MER-C had an opportunity to hold a presentation before the participants of education and training seminars held by various provincial staff of Bank of Indonesia. MER-C presented all its programs, including a VCD entitled *Pasir Hitam Teluk Galela* (Black Sand of Galela Bay). MER-C gave out leaflets and brochures. Following the presentation, some days after, several participants called and expressed their willingness to become donors.”

Fund Raising Activities

Jurnalís was aware that it was not possible to keep asking and hoping for money from colleagues or acquaintances. He recognized that his organization was not a fund raising agency, but a social organization rendering medical assistance. However, in order to realize the above purposes, solid funding was needed. “To move more quickly we need either hardware, i.e. equipment and money or software, i.e. medical staff and volunteers. Regarding the above experience, we then try to carry out some activities of fund raising so as to support the subsequent missions. The funds can also be saved or stocked for emergency use. Because the organization has not had a specific division and staff that will coordinate and focus on fund raising, all staffs and volunteers must carry it out.”

Production of VCD

The VCD has been very effective in fund raising activities although MER-C has only been able to produce one entitled *Pasir Hitam Teluk Galela*, that related MER-C’s humanitarian mission in Halamahera. The 12-minute film showed how the MER-C team worked in the field, helping the victims with health checkups, treating arrow and gunshot wounds, performing emergency surgery on the terraces of mosques and in people’s houses. The MER-C team worked with limited equipment while the ethnic war raged on. The team also assisted the victims with food

and clothing. Frequently, after playing the VCD in different places, several in the audience became volunteers or contributed donations to MER-C.

The idea evolved when MER-C found many recorded films collected by the teams. MER-C has always required a team of observers (data collectors) on every mission. The observer team use video and still cameras. The team document the mission deployments and collect and record conditions in the conflict site, including the types of diseases and problems encountered by the refugees. MER-C wanted to optimize the available data and films through a VCD series. Syaiful G. Wathon, chief of the division of informatics was a student at the Jakarta Arts Institute and he learned how to make documentary films. MER-C's staff worked on the VCD, from the music to narration to editing, without the help of outsiders, to economize on expenses. MER-C only spent for some instruments like the computer, monitor, VHS, CD writer, and additional audio-visual facilities. Wathon said: "The film consists of nine cassettes of two hours' duration. I have based my editing on cinematographic theory in addition to arts' values and humanism. Finally, the recorded events of 18 hours duration can be edited become 12 minutes. It was accomplished in the middle of February 2000. In order to squeeze our time, we had to work overtime."

The VCD was used for MER-C's new staff. The public relations staff also used it during their presentations at various or-

ganizations, private companies and government agencies. "To our surprise, it has attracted the interest of many parties. They even borrowed it for some presentations and played it on fund raising events for the Ambon and Halmahera conflict victims. We then tried to print it into copies as it can be useful and effective for fund raising activities," Wathon said.

Suseno added, "We plan to raise funds professionally. Besides that, the public would of course require the true information. It means that the VCD contains double benefits. Firstly, it displays and introduces MER-C's programs to the public and the public themselves will mutually receive true information. Secondly, it can be an effective medium of raising funds, and the people will not spend their expenses of Rp. 40,000 per piece uselessly as they can also participate in donating activity."

MER-C produced 1,500 copies for Rp. 40,000 per piece and distributed it all over Jakarta, Bandung, Padang, Surabaya and Medan, and to foreign countries like Malaysia, America and in Europe. "Honestly, we have no special marketing strategies. We market it in a traditional way. Additionally, we try to cooperate with some colleagues in some provinces and we sell it in retail at our secretariat office," explained Wathon. "We also participate in some exhibitions and other big events to market the VCD. During the exhibition, we sell VCDs, spread out leaflets and brochures. This medium of marketing is considered more

effective. We gained a satisfactory result when we opened a booth at the National Sessions of Justice Party, Muhammadiyah, and National Awakening Party. We earned approximately Rp. 7 million from the total sale of VCD at the Muhammadiyah Meeting.”

Wathon recognized that public response to what happened in Maluku was strong. “Our strength lies in the fact that we have presented the true data and facts without any vested interest. We are receiving many invitations to play the VCD. Even in Galela, it has been rented just like a commercial film. Moreover, upon our approval, 1,000 pieces were copied in Malaysia, to promote MER-C’s programs abroad.”

MER-C raised approximately Rp. 300 million through MER-C sale. Of the above amount, MER-C deposited 25 percent in MER-C’s savings account, 25 percent for VCD arrangement or publication, and 50 percent for the Maluku refugees. From the VCDs copied in Malaysia, MER-C is entitled to Rp. 2,000 per piece. The proceeds go into its saving account.

Both Wathon and Suseno recognized that the success of the VCD was due to a solid job by the informatics division. The division supervises the audiovisual and photographic subdivisions. The staff designed a systematic, detailed and complete database for documentation. Pictures and video records were taken from each of the locations, such as Ambon I-III, Halmahera I-V, Aceh, Bengkulu, Poso, Banggau and Sangire Talaud. “Whenever

they are necessary for bulletins, VCD, and press release, they can just be readily available,” said Wathon.

Following the previous success of *Pasir Hitam Teluk Galela* in the market; MER-C plans their second release, an 18-minute film telling the story of Poso. “So far we have completed 75 percent and hopefully we will finish it very soon and obtain a good response from the community,” Wathon felt optimistic. The theme is not too different from the previous one. He also plans to produce a short story about Islam. “I believe, if we have specific team for marketing, the opportunity of raising more fund will also be more opening,” added Wathon.

Media campaign

MER-C also uses the mass media for its fund raising effort. Normally, after conducting its mission, MER-C goes to certain mass media or invite some journalists. News about MER-C are carried by several national or local media such as *Kompas*, *Republika*, *Gamma Magazine*, *Kartini*, *Tekad*, *Aksi*, *Sabili*, *Surabaya Post* and *Menado Post*. RCTI, a popular TV station in Indonesia, once featured the organization during the full fasting month of Ramadhan.

Jurnalis said that the media has a powerful influence and generates wide recognition for whatever it focuses on. For instance, in mid-2000, a popular rock group, Slank, was performing a concert in Japan. Many of the Japanese felt con-

cerned about what happened in Indonesia where many natural disasters had caused loss and damage, and gave donations to help the victims. Slank committed to help ease their brothers' sufferings by attempting to seek the right organization to act as intermediary for collecting and managing the donations (in the amount of Rp. 21 million). Coincidentally, MER-C had a large profile in the mass media. "Apparently, after reading our profile, Slank trusts that MER-C is well suited to be an intermediary for managing and distributing funds collected from the Japanese society. Slank contacted me through my pager and then came to our office after," explained Jurnalís.

Jurnalís related how he and his colleagues were trapped in a mission to Halmahera: "At that time, my friends and I just could not communicate with each other since there was no communication facility we could use. Some media have written about MER-C's crew being lost and some reports said that we were missing. All these news reports attracted many people. Indosat Religious Gatherings Group donated Rp. 7 million to buy satellite channeled communication device."

Neni Sustiana, head of the finance division, stated: "The positive way of marketing MER-C through mass media is that the donation has a tendency to increase. Normally, the audience hands in the donation directly after knowing about MER-C in the mass media. Some of them allow their names to be listed but some prefer not to. We have generous people who

come by our office at Jl. Kwitang IE/15 to find out more about the program. Many of them have followed up their commitment in giving through their acquaintances by observing more details about the humanitarian efforts MER-C has been involved in."

The best record of the media campaign was the MER-C mission to Bengkulu which succeeded in getting Rp. 100 million within a month. For the mission to Halmahera, there was a donor who anonymously donated Rp. 50 million. In another case, someone heard about the role of MER-C and upon visiting the MER-C office, was surprised to see that the office was modest and lacked support facilities. He immediately donated money for MER-C to buy more computers.

The public relations division of MER-C first make "friendly visits" to several mass media (both print and electronic). "This will be good beginning for us to create strong friendship and partnership. Besides, this relationship will definitely sustain any conduct of MER-C which has something to do with the press and arrive at greater insight of MER-C publicity," Suseno added. Then the staff organizes press conferences and invites journalists to attend and write about its ongoing activities, and learn details on how decisions are made, get clarification on particular issues, learn about team arrangements on a mission, and the achievement of the targets. Third, friendly press gatherings between MER-C and press are aimed at fostering stronger relationships. "We un-

fortunately cannot afford to organize them frequently and we only made it during Ramadhan month,” Suseso said.

The public relations staff of MER-C also collect news clippings. “We collect all the publication about us then we put them into well-organized clipping. Then we analyze any news concerning our humanitarian interests. This activity obviously keeps us aware and increases our understanding toward related ongoing issues,” said Suseno.

Finally, information is divided into 60 percent pictures and 40 percent humanitarian writings that MER-C publishes once every six months. MER-C’s PR also publishes a biweekly newsletter. “We (aim) our newsletter (at) current donors, potential donor candidates, MER-C colleagues and public community, just like our periodic media info.”

Presentations

MER-C’s targets are companies, universities, schools, the Badan Dakwah Islam (Islamic Dakwah Board) or mosques. MER-C uses its volunteers to access all of them. “These volunteers will be informing us about who our eligible candidates are. For instance, one volunteer that has good connections with British Petroleum will inform us that company deserves to become our donor. We usually send the candidate a letter prior to any follow-up action conducted by our volunteers. We call and ask for a convenient time to make our presentation. If they agree, then we

go for it.”

For example, one of the volunteers learned that Bank Indonesia was holding a workshop for all its employees throughout the regions. “We forwarded a letter first, then as soon as we get their green signal, we deliver our presentation. Normally in such a forum, we are trying to explain what MER-C is and what activities MER-C is doing. We take the VCD with us and distribute leaflets. Sometimes the presentation takes place during a religious occasion with companies like Indosat, Telkom, etc. This is a simply good idea to raise funds since they have the right frame of mind given their religious awareness.”

Occasionally, MER-C receives invitations to deliver presentations at colleges, mosques, schools, the Badan Dakwah Islam. “We are invited to religious gatherings held in a college campus or a mosque. Once IISIP campus held a charity night and they requested us to deliver a presentation on our program and mission. We earned funds here. When the ethnic clash conflict of Maluku broke out, MER-C was invited to do a presentation in several places. We raise funds from Rp. 100.000 to Rp. 5 millions.”

To maintain good relations with MER-C’s partners in projects, the subdivision of media and public relations created a database of all these MER-C relations. The database has seven categories: company, university, foundation, mosque youth association, school, professional association, and personal. “The making of the database is with the purpose of pro-

viding easier access for any donor to keep in touch with MER-C. At least, it could be used as a resource to spread any information and event of MER-C. We can get them when we need help including financial matter,” explained Suseno.

MER-C also manages a mailing list, including associations where MER-C has joined as a member. “Almost similar with our relation database, through this mailing list, we can enlarge our information coverage and expand target areas as well as gain more information and data effectively,” he added.

Cooperation with corporations

MER-C deals with a number of corporations. MER-C sometimes uses an aviation/cargo services company to drop in its men or to help in affected areas. They also often cooperate with the government in related work. MER-C receives discounts on tickets and cargo fares provided by some airlines like Garuda and Merpati.

Jurnalism admitted that with this facility, the transport expenses of the medical team and the medicines to the regions has become cheaper. “We send letters of offer to several airline companies. If they agree, we ask them for a meeting to have further discussion. On such occasions, we have a chance to talk to them about the mission and the obstacles we usually confront. In fact, they welcome us and we can enjoy their support.”

MER-C is in partnership with the Indonesian Red Cross (PMI). “To make our

job easier, we divide it into smaller ones. We can avoid overlapping tasks,” Jurnalism said. Occasionally, during program implementation, MER-C cooperates with local NGOs. “This certainly makes us move much faster because they really know the situation in the field and places where to go.”

Moreover, MER-C coordinates with local security officers. During the ongoing social conflict, the officers kept monitoring the situation and provided assistance in guarding the MER-C team on its journey. Security ensured a safe arrival at the right destination, such as hospitals, local houses, mosques and churches. The security forces assisted in several flights, such as when MER-C used their jumbo Hercules planes.

Finance and Transportation Condition

According to Neni Sustiana, the monthly average that MER-C collects from fund raising activities is around Rp. 20 million, while the operational and overhead expenses are Rp. 15 million. In 2000, donations amounted to Rp. 541, 028,600 while the budget spent for humanitarian cargo, carrier fares, and MER-C medical team or volunteers, cost Rp. 278,128,300.

The funds received fell into four categories: Muslim-oriented typical donations (zakat, infak, sadaqah), permanent donations, specific donations and independent donations. Muslim-oriented donations were raised from Badan Dakwah

Islam, mosque prayer groups, religious gatherings, and public society. The percentage of the respective donations was 9 percent of zakat, and 70 percent of infak and sadaqah. "From all zakat donations, which flow in, one-eighth of it is used to cover operational costs and the rest goes to humanitarian missions. We only take one-eighth of zakat donations for our daily operations in accordance with the Islamic adopted rules that one-eighth belongs to amil (persons who manage zakat distributions)," said Sustiana.

Permanent donations are raised from MER-C's regular donors. "Nevertheless, routine here does not lead to a meaning that they must keep on donating perpetually. Some are committed to donating regularly within a year but there are several others who prefer a two-year donation period. It definitely depends on their request. We have some donors who give regular donations but do not want their names to be mentioned. The donations given vary, ranging from thousands to millions of rupiahs."

Specific donations come from fund raising organizations. MER-C several times receives donations from Yayasan Dompot Duafa and Yayasan Nurani Dunia. Independent donations are made by MER-C's crew by producing and selling products. "The revenue we have made, in this case, is from VCD sales."

In order to maintain and foster transparency, the finance division normally sends financial reports to all donors. "If we buy a PC, then we will be sending them

the receipt of PC purchase. This also applies to specific donors that usually demand a detailed accountability on funds management. Moreover, the financial report is in our leaflet. We also have press releases on how much money has been transferred to MER-C's account and what it is for. But we do not yet have a comprehensive and detailed financial report. We will be making such a report this year."

Future Plans

Jurnalis noted that MER-C was still a young start-up organization lacking managerial capacity. "Even though we have successful fund raising activities, many of them are not well managed." Jurnalis identified many potential donors whom MER-C is not yet able to tap. Funds sources include the overseas foreign community.

According to Suseno, another issue is that the membership mechanism of volunteers leads to a situation where they do not get entirely involved in all MER-C activities. They must share their time with their families. Similarly, students must stick with their studies.

MER-C currently still has vacant positions for the marketing manager and several marketing staff. "We are stepping forward to strengthen and enhance our fund raising strategy. We hope that we can be more active working and freely moving in the field." In the long run, MER-C hopes to build an emergency hospital facility well-equipped with a complete team

of doctors. Suseno meanwhile is designing a suitable budget for the volunteers' families when they go on humanitarian duty. "Until the present time, a volunteer who leaves his family for assignment also still must meet his family's living expenses. In fact, he can be away for more than a week in the location."

MER-C plans to have its own mini-studio complete with standard audiovisual equipment. "Through this studio, MER-C hopes, the dream of making short docu-

mentary movies or clips featuring universal virtues and humanity may come true," said Wathon. The movies could also make money for MER-C.

Finally, Jurnalís hopes that MER-C activities would not only cover Indonesia but could reach out globally. "Our ambitions should be backed up with more dissemination to the world community. We will be creating MER-C's homepage so that people anywhere in this world can witness what we are doing." ►

Case 11

Tengko Situru Foundation

Background

In the 1970s, the living condition of the Torajanese people of Tanah Toraja of South Sulawesi province was fragile. People experienced economic shortages and were hard put to meet their daily staple foods. The pristine land and the promise of undeveloped tourism could not release the people from their hard lives and they had to import rice from the neighboring region. Most of the people depended on a few landlords. For a living, they borrowed sacks of rice from the rich and worked on the latter's land in payment. Consequently, they became the "slaves" of the rich without having opportunities to improve their own lives.

One of these struggling persons was F. Lande, a Torajanese community leader. Early in 1973, F. Lande accidentally met two Belgian citizens—Ir. Johan Cattenie, an agriculturist and Dr. Piet Werbroek, an economist—assigned to Tanah Toraja by a Belgian NGO called COOPIBO (Cooperation International Boun Orde) to teach at the SPMA Catholic Pala' Pala' of Tanah Toraja. The two experts were less interested in teaching at school, and preferred to work with the people to fight against their poverty.

The three of them had the same idea, to improve the living standards of the lo-

cal people. They set up the Tengko Situru Foundation (YTS) in 1973, to specialize in community development.

Coopibo-Managed Program

From 1974 to 1976, the foundation and local community cooperated to increase land cultivation for vegetable growing, pig breeding, and family nutrition improvement with the financial assistance of Coopibo of Belgium. The foundation tried to transfer knowledge to the local people through the demonstration of the process of land cultivation and development. Moreover, Cattenie and Werbroek together with their families lived with the people in the villages to talk about their problems at night and to apply the solutions in the daytime.

Over time, the value of vegetables from the Vegetable Farmers Association increased. They could also sell their products to INCO Soroako Ltd. and supplied some other cities of South Sulawesi Province. YTS diversified into a collective kiosk program, rural technology, women training, wet and dry land farming, and pig and poultry breeding. To facilitate implementation, some foreign experts were involved in teaching and guiding the beneficiary people to operate

and manage the programs that covered almost all the existing villages of Tanah Toraja District.

While the people were enthusiastic about joining the programs, YTS was faced with a serious problem because of the two foreign experts. Somebody reported to the Directorate of Social and Politic of South Sulawesi that both Cattenie and Werbroek belonged to an international communist organization. That problem was amicably settled by F. Lande after some discussion with the directorate officer. Despite their clearance, the two were traumatized and highly depressed by the experience and returned to their country.

In 1984, all the other foreign experts went back to their respective countries upon the expiration of their five-year contract. Ready or not, local personnel had to take over. Coopibo no longer financed YTS, so funds gradually decreased. Moreover, a few staff even took some funds and items for their own benefit.

One of the YTS partners was Bina Swadaya, and that NGO recommended May Januar to lead YTS. A graduate of economics from Hasanuddin University, the 41-year-old was active in the Great Bishopric of Makasar.

Reorganizing YTS

In late July 1986, Januar initiated a "brainstorming" program. Januar also emphasized the participative approach. With the support of all the partner-boards, his reforms worked.

"We have outlined three stages in carrying out facilitation, training, and services to the community. The first stage commenced from 1986 through 1994. During that stage, all facilitation, training, and services were provided free to the people. Such items as seeds, cattle, fertilizers, etc., were awarded to people free of charge. That policy was taken in order to restore the self-esteem of the people who were not financially comfortable.

"The second stage was from 1994 to 1996. The board started to assure the people that the foundation had some financial capacity. YTS did not belong to the 'have-nots' but to the 'have a little.' We then placed all of the assistance excluding facilitation and training in form of a revolving scheme, such as a revolving credit, revolving cattle, revolving seed, etc.

"Since 1996, in the third stage we are offering some market or banking-based system credit schemes to the people instead of previous free assistance. They have to return the main credit including its interest to contribute to the organization or group development. Of course, the interest of the credit scheme is much lower than an average bank. People realize that the credit scheme is more beneficial to them. It also has gradually increased their self-respect by being capable of receiving and returning their credit."

Januar recognized that YTS became dependent on the previous fully funded programs. For example, they believed that since the Belgian funds were awarded to the poor people, it was not necessary for

them to pay it back.

“We have been trying to get them to change their way of thinking. If we do not change our orientation, it would lead to serious mismanagement. The people argued that this was the foreign cash that should be awarded to us with no obligation to pay it back. After intensive participative discussion, they understood that if the credit is not paid back it can likely bring about a serious problem to the other beneficiary groups.

“The fund raising program was a soft loan scheme from a financial agency. In addition to that, we also worked as consultants and facilitators to collect funds for the other fund raising programs development.”

Appeals to charitable traditions and the solidarity spirit of the Torajanese people were used in raising funds, such as the Arisan Tenaga, Bua Bungaran and Lelang Makanan.

On December 11, 1995, the board of directors of YTS was invited to the President's Palace (Merdeka Palace) to receive a certificate of merit (UPAKARTI) from the government of Indonesia for its work in developing the traditional handicrafts and small industries in Tanah Toraja. On November 11, 1996, YTS also received the SAHWALI AWARD from the Indonesian Environmental Management and Information Center for its work in environmental development. By December 31, 2000, YTS had facilitated 364 self-reliant groups consisting of 6,729

households spread over four districts of South Sulawesi province.

Internal Stakeholders

Januar reflected that “when the foundation was still financially and technically supported by Coopibo, the board members were not too active. The foreign organization's staff performed all the planning and financing while the boards and the staff worked as the implementing agents. Coopibo's personnel also had wide authority in appointing and dismissing the boards and staff of the foundation.”

With the departure of the Coopibo personnel, as a director, Januar began to conduct his internal reorganization. Januar assigned extra tasks to each board member. For instance, the chairperson dealt with organizational supervision, the treasurer focused on financial performance, and the other board members covered program and personnel supervision. “Initially, they were reluctant to implement such a new policy. However, all the above policies have already been implemented effectively.”

Januar recognized that although the internal organization has been working for quite a long time, there was no “regeneration mechanism.” F. Lande was still chairperson and Januar himself served as executive director for three terms.

“However, we will work hard until the mechanism and system can be worked out. Staff will be given as much

opportunity as possible in implementing various programs. The board of directors will exclusively deal with programming and networking of the association with other organizations. Subsequently, all items agreed in the association shall be delegated to the relevant divisions of the foundation.”

Januar established job descriptions of the 32 staff in a collective agreement. The executive director focuses on organizational development and partnership networking while the internal day-to-day operation of the foundation goes to the vice-executive director. The managers who supervise the staff of each working unit implement all the programs. Field officers (FO) handle the facilitation for each beneficiary group.

For the long term, YTS holds a workshop every three years participated in by all the beneficiary groups. That workshop also recommends a new board and evaluates the performance of the previous board. The board of directors meet every three months and hold a Saturday meeting with the vice-executive director, program managers, and FOs.

Fund Raising Activities

“All the programs are carried out under a participative funding approach. It means that all staff shall contribute to do the fund raising programs in accordance with their task and duty, despite the existing fund raising division. This self-developed fund raising program has been

performed since 1986, upon the expiration of Coopibo’s funding program.”

Group capital development

YTS coordinates 364 beneficiary groups spread over four districts of South Sulawesi province. For agricultural programs, for instance, YTS pays for the seeds, fertilizers, farming tools, and so on, as well as the transportation cost to reach the widespread groups.

YTS relies on self-sustaining Toraja traditions such as (1) Bua Bungaran, to save some of their crop yield and cattle for social or humanitarian activities; and (2) Arisan Tenaga, to voluntarily cultivate one’s land in shifts. To assist each group in raising funds, the foundation assigned a field officer to the group. Each group tries to raise a starting capital of 5 to 30 million rupiahs for its programs.

Arisan Tenaga

Arisan Tenaga was the traditional way for the Torajanese to cultivate their farmlands collectively on a shift-based system. Each group would conduct a meeting whenever they wanted to develop an area of land. For example, the village headmaster would announce to his people that they would develop someone’s land tomorrow. The landowner would provide the workers with some food. Unfortunately, that tradition is no longer common among the people.

“We are trying to develop the above

tradition among the beneficiary groups. Each group that consists of 20 to 50 members is carrying out 'arisan tenaga' in land development. Work on land development is scheduled and determined weekly in a group meeting. The landowner is then required to prepare some food for the working members. He shall also pay some wages to the working members but the amount is much smaller than that paid to the common workers. The wages will not be kept by each member but saved for the group's cash."

Some benefits of the process are that fallow could be developed into productive land and cultivation could be carried out in a short period. Some transfer of technology takes place due to the involvement of the FO or a group leader who provides information on cropping practices. Finally, the wages of the working members could increase the basic capital of the group. In one week, each group might collect between Rp. 20,000 to Rp. 40,000.

Food auction

The other tradition of the Torajanese people is the "food auction," practiced as part of a religious ceremony by auctioning off food to the ceremony participants. The money would be used to build a place of worship.

YTS adapted the above tradition. The food auction occurs in a weekly group meeting, again using the shift-based system. Every host provides food or harvest

crops to the auction. The money obtained can be used to add to the basic capital of the group or for other social uses. The auction price ranges from Rp. 1,000 to Rp. 10,000. Despite its small price, the activity raises money as it goes on continuously. The amount collected from the above activity ranges from Rp. 25,000 to Rp. 50,000 per month.

Bua Bungaran

Bua Bungaran is a traditional way for the Torajanese people to save some of their harvest crops or cattle for humanitarian or religious purposes. The above tradition was normally carried out during harvest time because the landowners hoped for a large crop yield. The donation was supposed to "stimulate" the future yield. The funds went to the construction of places of worship.

In YTS, the money gained from selling cattle is not donated for traditional or religious use, but for the group's cash. This procedure needs collective agreement. For example, one member might breed a goat with two to four kids. With the agreement of the group, he would save one kid for his group. The group might be able to sell the goat for Rp. 70,000 to Rp. 90,000. The same process works with the pig breeders. The groups with no breeding animals normally contribute their harvest crops such as paddy, coffee beans and cocoa, weighing 10 to 25 kg., according to the owner's capacity. The total donation from these activities range from

Rp.100,000 to Rp.250,000 per year.

*Arisan Rumah Sehat/
Healthy Dwelling Saving*

This program is carried out in the remote countryside area, mostly occupied by people who live in poor or simple dwellings without ventilation, water wells and toilets, or separate cattle enclosure.

YTS asked every group member who planned to build a dwelling to discuss it in the group meeting. The members would contribute construction items, furniture, domestic appliances or money. Some may contribute cement, tin plates for the roof, wood and sand. All members acting voluntarily would construct the house.

“With this approach, construction cost can be minimized. That activity can be done in shifts. Currently, the foundation is providing the people with some information on a healthy dwelling, covering ventilation positioning, cattle enclosure layout, and so on.”

In addition, the group could also raise funds through various programs in cooperation with the foundation, such as revolving cattle, micro-credit and soft credit. In the micro-credit scheme, for instance, a group may charge one percent interest from the revolving fund to its members and one cattle infant from the revolving cattle.

Fund Raising for the Development of YTS

Generally, the fund raising program consists of both service and goods. Consumer goods such as home products and farming tools are consigned for sale in the supermarket. Services include renting the facilities (hall, cottage, car and training tool), micro-credit, training and counseling.

YTS has three divisions. The Division of Self-Reliant Entrepreneurship supervises finance-based fund raising programs such as micro-credit and the revolving fund. The Division of Programming and Partnership undertakes training programs, counseling, tourism packaging and partnership development. The Division of Financial Development coordinates marketing and distribution of all YTS products.

Aloysius stated that, “All board and staff are also involved in fund raising, particularly in finding new resources and opportunities.” (Aloysius himself, as an ex-legislator, also maintains a close association with the local government.) “The executive director must build a close partnership with commercial banks and funding agencies to obtain a soft credit scheme with low interest charge. We also have to be more and more active to introduce and offer our rental products and professional services to every party including government agencies and NGOs.”

Revolving Cattle

This program started in 1999 with a basic capital of Rp. 10 million. However, most of the “revolved cattle” consisted of goats and pigs commonly raised by the poorer Torajanese, since raising cattle was expensive. Gaduh was a tradition where the rich person handed over their cattle for breeding to the poor. The resulting calves were divided by agreement between the two parties but the rich person always kept the “mother.” That system was not profitable to the farmers, as they had to bear the breeding costs while returning the mother.

In the YTS method, every member of the beneficiary group who wants to breed cattle has to join the program. The awarding of the revolved cattle to the farmers was based on the result of a feasibility study carried out by YTS. YTS established a ratio of three calves submitted in stages to replace every mother. The three calves in turn would subsequently be revolved to the other members.

“This system improves the living standards of the farmers. They are entitled to own some cattle without continuing to give back the mother to the cattle owner. Some groups even have set their own rule in revolving the cattle. Two heads are submitted to the foundation and the group for its capital development keeps one head.

The Division of Self-Reliant Entrepreneurship coordinated the program that spread to 721 beneficiary groups with 1,000 revolving cattle, and raised Rp. 200 million.

Micro-Credit

The micro-credit scheme was introduced in 1990 with a starting capital of Rp. 15 million from the endowment of the foundation. This program started with 40 beneficiary groups and increased to 364 groups with 6,729 persons and raised more than Rp. 200 million.

The foundation applies a two-percent interest charge to the beneficiary groups. The group then lends credit to the members with an interest charge of three percent. The two percent is repaid to the foundation and another one percent is saved for the group. The group leader submits a complete credit proposal to the foundation. A credit committee consisting of the manager of administration and finance, the manager of programming, and staffs of the self-reliant entrepreneurship division appraise the proposal. The credit amount ranges from Rp 100,000 to Rp 1,500,000 depending on the income stream and type of business. The credit and its interest must be repaid in installments every month for a period of 10 to 12 months.

YTS also acts as a soft loan facility for other organizations by being a credit distributor and consultant. As a credit distributor, YTS is entitled to a percentage of the interest from the total distributed credit. For example, when YTS receives credit at 1 percent interest from YAPPIKA, YTS distributes the money to its beneficiary groups with an interest rate of 2 percent. YTS is also paid for its consult-

ing, facilitation and training services in partnership with some local and international organizations such as Bank Danamon through PHBK (Program Hubungan Bank dan Kelompok or Bank and Beneficiary Groups Partnership Development Program), Yappika (Yayasan Penguatan dan Partisipasi) a national NGO, the South Sulawesi provincial government, World Bank, and some other funding agencies.

Professional Services

Professional services cover training and consultation, partnership program, rented facilities, and alternative tourism. The division of programming and partnership development under the supervision of the executive director and vice-director coordinates these services.

"The above services cannot generate regular income to the foundation, but it depends on the number of programs and the total value of the contract agreement with the partner organizations. For example, one training package may cost Rp. 15 million and a consultancy service may be priced at Rp. 9 million per program, while the price of a tour package of three to five days is ranged between Rp. 5 to 7.5 million."

YTS partners with some travel bureaus in Makasar and Holland to promote natural scenarios, cultural tourism and rural traditional life. The tourists are escorted to the countryside to observe the unique living condition of the local

people, such as their cropping methods, cattle breeding, 'arisan tenaga' (power sharing), etc. Tourism was booming in the 1990s prior to the economic crisis. Since then, however, many tourists have moved to other places for security and political reasons.

Products Marketing

To market the products, YTS built a supermarket in 1990 for Rp. 5 million and sold items for daily needs, farm tools, handicrafts. The beneficiary groups supplied the products. The monthly omzet of the supermarket was Rp. 4 million. YTS also partnered with other organizations and companies to market the agricultural products and handicrafts of its beneficiary groups. The products are described in catalogs and sent to various companies and organizations. The YTS marketing and promotion staff notifies the producer groups upon the receipt of an order from the buyers. YTS generates a monthly income of Rp. 5 million from the marketing service.

Financial Situation

Januar disclosed that within the last five years, the operational cost of each program significantly increased, due to the diversification of the community development programs as well as the rapid growth of the beneficiary groups. In one month, a beneficiary group membership might increase ten times. And YTS incurred costs in building each group.

table 2.3

Fiscal Year	Target	Progress Achievement	Percentage
1997	Rp.1, 054,893,450	Rp. 875,560,750	83%
1998	Rp.1, 669,806,800	Rp.1, 285,750,475	77%
1999	Rp.2, 534,436,850	Rp.1, 774,101,600	70%
2000	-	Rp.1, 512,007,275	-

Despite its local fund raising success, YTS still requires additional grants from foreign donors to cover its program diversification. In 2000, the total budget of the foundation was Rp. 1,512,007,275. Of that amount, 83.25 percent or Rp. 1,261,727,775 came from its income generation units and non-grant loans and 16.75 percent or Rp. 250, 279,500 came from foreign grants to run various training programs. The non-grant funds normally went into the credit scheme or soft loan.

The non-grant income of YTS is generated from several programs as illustrated below:

Januar concluded, “The key success factor of the fund raising program is the deep commitment of all the board member and staff to create a sustainable multi-year program to generate solid finances. We continue to create new resources and opportunities that may assure the financial performance of the foundation and increase our commitment to community development. Our commitment is consistent with the mission and vision of the foundation and supported by sound professionalism, management, monitoring, and controlling.” ►

table 2.4

No.	Sources	Percentage	Type of Programs or Business
1.	Services	3.9%	Training, Consultancy, Tourism alternatives
2	Product Marketing	8.1%	Supermarket, Farming practices, and Marketing
3	Rented Facilities	18.5%	Cottage, Training facilities, Warehousing and Cars
4.	Loan Interest Charge	17.5%	Credit scheme for the beneficiary groups
5.	Soft Loan from other agencies	31.7%	Margin interest of 1% per month
6.	Revolving Fund	20.3%	Revolving cattle, Farming practices, and Off-farm business
	Total	100%	Rp. 1,261,727,775

Case 12

Bina Swadaya Foundation

Introduction

The period from 1945 to 1965, following the declaration of the independence of the Republic of Indonesia, was a difficult one for the Indonesian people. Ruling a country proved to be a complex task. Independence created many political parties and many perspectives. Independence did not generate significant economic development or political reforms. The 1950s ended with serious social conflicts. People split up according to their political choices, religions and ideologies. During that period, political conflicts and group and ideological competition prevailed, and groups in society became intolerant of one another. The conflict was not confined to the elite but also among the grass roots population, such as the farmers, fishermen, university students, youth and women organizations, and so on.

The critical situation encouraged some people to establish an organization free from political concerns and devoted to the socioeconomic development of the people. Ikatan Petani, or the Farming Organization (FO), was inaugurated in 1958. FO was the embryo of the Bina Swadaya Foundation, with its renowned motto “commitment, collectiveness, and independence.”

History of Bina Swadaya

Bina Swadaya continued from FO. FO initially focused on agricultural intensification and extension work, education and training, processing and marketing of agricultural products, and advocacy to address farmer problems such land reform and negotiating the prices of farming products (such as tobacco, sugarcane, *rasela*, among others).

“FO has gradually developed in significance and opened branch offices all over Indonesia. FO executed its programs through a wide mass organization-based approach, which was applied through a general farmers assembly (Mubestani) in 1965. In addition to that, FO also carried out some potential projects in every province and became a collective business group,” Em Haryadi, development director of Bina Swadaya, said. Each group had about 30 members and used cooperative principles emphasizing credit unions, production and marketing.

As the FO was not a corporation but a movement, in order to implement the FO’s projects, the FO board established Yayasan Sosial Tani Membangun (YSTM) or Development Farming Social Foundation in 1967. Both FO and YSTM worked together until 1973. In 1973, when all labor, farmer, and fishing organizations

fused into one organization, FO chose to join Himpunan Kerukunan Tani Indonesia (HKTI) or the Indonesian Farmers Association (IFA). The programs of FO, on implementing projects and creating business groups, could not be integrated into HKTI, and the YSTM continued them. Bina Swadaya was established as an operational division of YSTM to assist with *Trubus* magazine, book publishing, printing, as well as credit lending.

In 1985, a new regulation of the Information Minister banned all periodical publishers to work on any other activity. Therefore, Bina Swadaya became a foundation to allow it to provide other services. Bina Swadaya evolved into several corporations including YSTM.

Since its establishment, Bina Swadaya has focused its programs on human resource development, institutionalization, capitalization, and business expansion. In addition, Bina Swadaya is active in communicating and socializing all development policies that advocate the improvement of the grass roots standard of living. “We wish to be a superior organization that possesses a high concern on the empowerment of the people’s economy spreading out all over Indonesia with the spirit of commitment, collectiveness and independence. Therefore, we have tried to promote the independence of the people, particularly that of the grass roots level on the basis of openness, fellowship, and social justice with respect to the human dignity,” asserted Haryadi.

Bina Swadaya’s main services cover education and training, facilitation, consultancy, and research. The four main services evolved into eight programs consisting of Micro Financial Institutional Development Program (MFIDP), Micro Business Management Development Program (MBMDP), Development Program for the Community Forestry (DPCF), Environmental and Community Health Development Program (ECHDP), Agikarya Development Program, People Housing Development Program (PHDP), Education and Training Program (ETP), and Marine Resources Development Program (MRDP). Haryadi explained:

“Bina Swadaya shall be managed professionally with a high commitment to alleviate poverty. Poverty alleviation should be perceived and understood properly, especially in terms of its backgrounds and current obstacles and subsequent impacts. In this case, Bina Swadaya applied a modern approach through human resource empowerment and development. With respect to the development of human resources, we have assigned a group, which is called Community Self-reliant Group (CSG) that works regularly and shares intensive and productive interaction. Therefore, facilitation efforts and group development shall be carried out and established. ‘Software’ consists of education and training which are highly necessary to promote skills, knowledge, and the attitude of the people in accordance with the current preconditions of development. ‘Hardware’ consist of such potential

projects.”

With a view to accelerate the independence of the CSG, the board of Bina Swadaya assigned some individuals to accompany the group as a partner. “Facilitation has been performed by intensifying two-way communication and the mutual learning process between the groups and providing them with constructive and proper inputs according to their needs and capacity.” As a partner, the facilitator does not act as teacher or leader to achieve the goal of independence.

“For its operational and overhead cost, Bina Swadaya had initially been dependent upon foreign loans. Almost 90 percent of the financial assistance came from foreign loans and 10 percent from the sale of *Trubus* magazine. In 1980, we were able to reduce our dependency on foreign loan to 50 percent. By the 1990s, we could undertake self-financing up to 75 percent, and in 2000, we reached almost 90 percent,” Haryadi said.

The Bina Swadaya Foundation carries out the fund raising programs under its separate three directorates:

1. The Directorate of Independence covers Institutional Development Programs, Human Resources Development Programs, Facilitation Development Programs, and Independent Entrepreneurship Development Programs;
2. The Directorate of Consultation for Self-reliant Development covers Environmental and Health Develop-

ment Programs, Agikarya Development Programs, Development Programs for Community Forestry, Marine Resources Development Programs, and People Housing Development Programs;

3. The Directorate of Entrepreneurship Development covers *Trubus* Magazine Publishing Center, PT. Penebar Swadaya, PT. Puspa Swara, PT. Percetakan Penebar Swadaya, Bina Swadaya Tours, PT. Mahatani Sentosa, Credit Union, and Cimanggis Training Center.

“The highest fund raising is mostly contributed by the Directorate of Entrepreneurship Development,” said Haryadi.

The assets of Bina Swadaya Foundation gradually increased. In 1980, Bina Swadaya had a total omzet of about 398 million rupiahs and assets of 394 million rupiahs. Its omzet and assets rapidly increased in 1990, to 8 billion rupiahs and 5 billion rupiahs. However, during the crisis, Bina Swadaya was caught with a US dollar foreign debt. “At that time, we really experienced financial problems to meet our higher expenditures, especially for *Trubus* magazine and for our printing works. We owed US\$1 million for mechanical equipment investment. Due to the serious financial crisis, the credit was mounting, and we were really in trouble. Almost all of the income so far was used to cover the credit. Fortunately, we do not use a commercial bank, but found an al-

ternative financing scheme with negotiable credit obligation. We already paid back 600 thousand dollars. But we cannot specify when we will be able to pay it back in full," said Haryadi.

Based on the above experience, Bina Swadaya became much more cautious in using foreign credit. "Fortunately, we have relatively good access to foreign financial agencies. The relationship must be well maintained, as domestic financial agencies no longer provide credit lending. Therefore, foreign agencies are the only alternative. Currently, we have a negotiable foreign credit, despite being denominated in foreign dollars, it can be paid in rupiahs. Although we have been trapped in debt, our businesses grew positively." The latest data in 1999 indicated that the total revenue of Bina Swadaya was 39 billion rupiahs with assets of 11.8 million rupiahs.

To date, Bina Swadaya maintains 23 representative offices spread out in Central Lampung (Lampung), Metro Lampung (Lampung), Bogor-Bekasi, DKI Jakarta, Indramayu (West Java), Bandung (West Java), Garut (West Java), Pekalongan (Central Java), Boyolali (Central Java), Magelang (Central Java), Kebumen (Central Java), Klaten (Central Java), Yogyakarta, Banyuwangi (East Java), Lamongan (East Java), Ngawi (East Java), TTU (East Nusa Tenggara), Kupang (East Nusa Tenggara), Kolonuhu (East Nusa Tenggara), Wamena (Irian Jaya), Takalar (South Sulawesi), and Palangkaraya (Central Kalimantan). Bina Swadaya formed an association with some

other agencies for its Community Self-Reliant Group (CSG) development.

Internal Stakeholders

"The management structure of Bina Swadaya Foundation consists of a board of *Pereksa Cita* (board of trustees), board of directors, bureaus, directorates, and regional representatives. The members of the board of *Pereksa Cita* are those who have served the foundation for a long time, are 70 years old, and have previously served on the board of directors. For their high commitment and service, the board of *Pereksa Cita* has been given authority to monitor and supervise the implementation of both vision and mission of the foundation. This board also has the capacity to send direct warning if, during its implementation, they find any deviation of vision and mission, corruption, collusion, and nepotism, as well as financial and power abuse.

"Structurally, Bina Swadaya awards the supreme authority to the board of directors that initially consisted of seven members until the plenary management meeting II in 2000 that recommended the addition of one more member to the board. The above addition was in consideration of the significant purpose of institutional development and the increasing of external relations of the foundation with other agencies such as the government, private and foreign agencies."

The board of directors consist of the chairperson, vice-chairperson II and III,

secretary, treasurer and two members. The deputy chairman was Dr. Bambang Ismawan. The board of directors supervise four bureaus, four directorates, 23 regional representatives, and the People's Credit Bank, as well as some enterprises. The board's duties cover supervision and monitoring of work plans and budgets. The board of directors hold meetings to discuss all the reports and inputs suggested by all the executive boards, to outline general policies, working programs, budgeting, and to appoint senior staff for the foundation. The board's members are appointed from those members already serving the foundation for a quite long time.

According to Haryadi, there is no specific term of office for the directors. However, when one member has reached 70 years, he usually resigns from the board and then works for the board of *pereksa cita*.

The bureaus, under the board of directors, are comprised of the Bureau of Internal Supervision, Bureau of Study and Communication, Bureau of Personnel and General Affairs, and Bureau of Finance. In general, the bureaus prepare and send recommendations and inputs to the board of directors for decisions. The bureaus and the board of directors meet on an as-needed basis.

The board of directors also supervise four directorates—the Directorate of Micro Business Facilitation and Institutional Development, Directorate of Micro Financial Institutional Development, Directorate of Education and Training on

Self-Reliance, and Directorate of Consultation on Self-Reliance. Directorates carry out all the daily operation of the foundation under direct supervision by the board of directors. Directorates formally report to the board of directors monthly.

The “ground floor” structure consists of all the regional representatives. According to Haryadi, the relationship between the foundation and all the representatives is carried out on a legal basis. “This is only a prototype of a local NGO. They prefer to join with Bina Swadaya as all of them used to work under Bina Swadaya. They do not want to separate from Bina Swadaya although they have been offered.” Of the 23 regional representatives, ten became independent, meaning that they were already able to raise funds instead of depending on Bina Swadaya. The other 13 representatives are expected to become independent in terms of financial subsidiary in three years.

All programming, budgeting, and planning are formulated and proposed every five years. All the formulated programs are detailed in an annual program, proposed in the plenary management meeting participated in by all management and personnel of Bina Swadaya. The plenary management meeting is held twice a year with the main agenda covering reporting and evaluation of all implemented programs and proposals for the future plans and budgets.

Prior to the plenary meeting, each division carries out an internal meeting. “Bina Swadaya performs its programs in

accordance with an 'action-reflection' basis. It means that all the implemented programs shall always be revised and reviewed before it will be formulated into a work plan that will be implemented and reflected. Our vision may likely be improved during the implementing period," asserted Haryadi.

Bina Swadaya also highlights its programs on the development of human resources competence based on the spirit of collectiveness. All of these activities are translated into the vision, planning, works, programs, and appraisal of achievement.

Annually, Bina Swadaya holds a workshop on planning and evaluation, participated in by all of staff. Every six months, the board of directors also conduct a review on the work plan. The foundation also makes its management presentation program twice a year, focusing on the progress of activities. "The management presentation program will allow each division and work unit to introduce its work program that will be socialized and discussed together with all the staff and thus they will have high responsibility over the implemented works."

Fund Raising Activities

According to Haryadi, all the work units of the foundation generally carry out fund raising activities. However, not all of the units satisfy their own financing for their own programs. Most of the funds are generated from the active enterprises

and by the People's Credit Bank operated by the foundation.

In accordance with the prevailing regulations, a foundation was allowed to own some shares of 25 percent of a business enterprise. In this case Bina Swadaya has active shares of 25 percent. "The rest of 75 percent is gained from the shares of each member of the board that is deposited to the enterprise by using the money of the foundation under an internal agreement. Thus, 100 percent of the shares can be owned by the foundation. This approach is applied to avoid any claim from the board members' families."

For its business expansion, Bina Swadaya always refers to three "non-" principles: non-politic, non-profit, and non-primordial. Non-politic means that the foundation does not affiliate with any single political party and all its management and personnel are allowed to express their own political choices. Bina Swadaya assists in projects without trying to gain political support. Non-profit means that the foundation returns any surplus on its business profits, so that all the implemented projects are not used merely to make profits. "If high efficiency and professionalism of its personnel can make any surplus, it will not be awarded to the stake holders but will be allocated for or reinvested in new works or programs." Non-primordial means that Bina Swadaya is not a part of any religion or belief. However, Bina Swadaya positions itself as nationalist.

According to Haryadi, the success of

fund raising programs cannot be separated from the professionalism of the board of directors in pursuing or following up any potential opportunity. “*Trubus* magazine is a case in point. When we found that the farmers need to have access to various useful information on agricultural technology, we immediately realized it by publishing a special magazine that mostly covers all agricultural information. Based on the success of *Trubus* magazine, we always try to find and benefit from all the opportunities. From *Trubus* magazine, the board has also been able to get the information that farmers are very enthusiastic towards the agricultural issues. Instead of gaining profit from other parties, we then established an enterprise that provides fertilizers and crops seed selling. The above process has increased our fund raising benefits.”

Total benefits earned from the business units are allocated for the following purposes: 20 percent for staff prosperity, 30 percent for foundation account, and 50 percent reinvested in every business of each unit. “The fund that is allocated for the foundation may be used for program implementation and overhead cost as well as to help other units to develop their programs. Technically, if one unit borrows some funds, it will be charged a certain rate of interest.

“The annual budgeting of Bina Swadaya already accumulated to US\$4 million. In 2000, business units have contributed 90 percent of the total fund, and 10 percent borrowed from financial

agency. It can be concluded that we will be almost self-reliant. Foreign loan is duly complementary. We wish that we can afford a target of 100 percent self-reliance.”

Publishing magazine

The foundation publishes *Trubus* magazine, and agricultural and non-agricultural books. *Trubus* magazine was the first business, developed since 1967. “Publishing magazine is only one part of Bina Swadaya foundation’s duties in its efforts to help the farmers develop their skills and know-how, additional to training and education. The farmers were strongly in need of media of information that may introduce them various information of agricultural and agro-business technologies,” said Haryadi.

Therefore, the magazine was circulated initially among the farmers who were part of the training held by Bina Swadaya. Gradually, its readership extended to other segments of society, particularly those interested in agricultural and agro-business development technology. The publication of *Trubus* improved its coverage and performance over time. The magazine, with a selling price of 11,000 rupiahs, contains news and articles on agricultural, plantation, fishery, and agro-business topics.

The circulation of *Trubus* reaches all of Indonesia, except Ambon. *Trubus* has total assets of 1.2 billion rupiahs. The highest circulation is in Jakarta with 35 percent, followed by Surabaya with 8 percent and Bandung with 7.8 percent of the

total. According to Andreas Riyanto, the magazine's marketing manager, the profile of *Trubus*' readers are mostly city residents of 35 to 50 years of age. Most of them are agro-business entrepreneurs and hobbyists.

In 1997, *Trubus* produced 25,000 copies, which increased to 50,000 copies in 2000. It averaged a monthly increase of 300-400 copies. During the financial crisis in 1997, when most of mass media went bankrupt, *Trubus*' circulation even increased. "During the crisis, most of the people changed into some agro-businesses, such as cattle breeding, farming, etc. Therefore, they were really in need of agro-business information, which can only be found in *Trubus* magazine." Based on the 1999 financial report, this unit had 38 employees and earned an income of 1.1 billion rupiahs (ranking third beneath the book and banking units).

Taking account of the progress of *Trubus*, Bina Swadaya went into producing more books on farming and agricultural issues. "To most farmers, agribusiness practitioners and hobbyists, a magazine is not enough to embrace their needs of more concerning details. Therefore, we established PT. Penebar Swadaya in the mid-80s," said Haryadi.

PT. Penebar Swadaya largely deals with agricultural publication for farming, fishery and husbandry. The latest data showed about 600 titles of books that PT. Penebar Swadaya has produced. Among those releases, there were between 300 and 400 titles that went into multiple print-

ings. "In meeting the quite surging requests from our customers, several published books need to be reproduced. Even some of them, which are our vigorously marketed books, can reach ten times the production run. One among those produced books entitled *Beternak Itik Tanpa Air*—Breeding Duck Without Water—has become a number one best seller," said Ronny, marketing manager of PT. Penebar Swadaya.

The book lovers came from different backgrounds—farmers, agribusiness men, students, file workers, hobbyists. The publishing company employs 22 professionals and its highest recorded revenue of 300 million rupiahs was from the regional area of Java. Ronny stated that the key success of the publication of farming books rest on the Bina Swadaya team's careful observation in selecting up-to-date topics and hot issues and the most likely to appeal to readers. "Fortunately we have a good marketing research team that always is aware of what are the ongoing trends. We are keeping up with the latest market situation and information that our readers need. We have done these activities every year. Once we have good stories or write-ups then we deliver them to the editor's desk. Our editorial staff will assess all the inputs which are in and will also decide who is going to write the topics. At present time our capital asset has reached 5 billion rupiah."

Following the success of the farming publication, Bina Swadaya expanded to more categories, on non-agriculture top-

ics that focus on different areas of expertise like medical and practical skills and applied sciences, language and literature, social and political issues, among others. PT. Penebar Swara is the publisher for these selected topics. One hundred titles have been published. Prior to the organization's management restructuring in the mid-1990s, Bina Swadaya opened several branches in Ungaran of Semarang and Surabaya. These two publishers used to print out some 80 titles, but they now operate as PT. Puspa Swara's distributors.

Some of these non-farming books, similar with the farming-oriented ones, have also been reproduced or reprinted. "No wonder that PT. Penebar Swara boasted the same success as its neighboring brother PT. Penebar Swadaya because of its staff's endless endeavors to bring in accurate, brilliant material that our readers deserve and need. In the meantime our total assets amounted 2.1 billion rupiahs and that is a part of all great efforts and services brought by our 21 professional dedicated staff through their day-to-day technical support."

The 1999 financial report noted the two publishers' achievement in obtaining the highest selling point and profit gain. They both contributed more profit than the other units. These two publishers created revenues worth some 2.9 billion rupiahs and remain in the top position.

Bina Swadaya gradually began its direct sales system for the distribution of *Trubus* magazine, and the farming and non-farming books. "The advantage is

that we can directly interact with our customers. We do not use the agency system as other publishers do but we have linkages with 30 correspondents throughout Indonesia," Ronny explained.

The company has a special car unit to deliver the magazines and books to a number of bookshops all over Sumatra, Java and Bali Island. For outer Sumatra, Java and Bali, Bina Swadaya provides direct service. Ronny said, "As we receive a particular request from our customer, we will inform him that before his package is sent we will make sure that he transfers his money to us. Then we will send him the goods he orders along with a receipt upon his remittance. We cannot apply the direct sales method outside Sumatra, Java and Bali regions due to much higher costs."

In servicing the needs of producing three publications—*Trubus*, farming and non-farming books—Bina Swadaya built PT. Percetakan Penebar Swadaya in the '80s, as its printing house. "Printing tasks are not handled by an outside printing house, we can do printing jobs ourselves by setting up a printing company. It means that the revenue will not go out but will return to us again," Haryadi said.

The printing house provides services for the public, to print books, magazines, bulletins, calendars, brochures, posters as well as graphic design services. There are 99 employees and the company has assets of around 4.4 billion rupiahs. The 1999 finance report noted that the total revenue of this printing business was 1.1 billion

rupiahs.

Haryadi, in addition, noticed, “Our printing business is interconnected and supportive. For instance, we consider *Trubus* magazine as our advertising media of newly released items from PT. Penebar Swadaya and PT. Penebar Swara. We automatically do not need to spend the additional budget for advertisement expenses as we would for another advertising agency. The point is that we can be lower our operational costs.”

Selling products of agriculture

PT. Mahatani Sentosa handles the sales management of agriculture products. The company is an agriculture-based enterprise with 21 employees with a core business of selling seeds and fertilizers for farming, fishery and plantations. Haryadi pointed out that the initial idea of establishing this company was in accordance with the progressive works shown in *Trubus* magazine. “The indication towards the importance of a retailer was noted when *Trubus* frequently presented different articles concerning agriculture issues including articles about seeds and fertilizers. Many readers were curious how to get those items. At first, we suggested the best places where they should go to buy the products and we gave them the addresses where they can find them. Nevertheless soon after we realized that it was not us who would earn the benefits but certainly the shops. Since then we came up with a concept of a retailer or a shop

that sells consumer's need of such items,” said Haryadi.

The initial capital of the shop was 50 million rupiahs and it had three outlets. The shop grew rapidly. PT. Mahatani Sentosa presently operates seven outlets scattered in several locations in the city of Jakarta, one in Semarang and another in Surabaya. “The supply of our products derives directly from the farmers. We also started in surveying more farmlands in order to get the number one quality of seeds and fertilizers,” Haryadi explained.

The successful business of PT. Mahatani Sentosa is linked with *Trubus* magazine, which regularly features the products of PT. Mahatani Sentosa. “It is much easier for us to sell our products by using *Trubus* facility. *Trubus* readers will always be informed about where they are supposed to go. Another benefit is that it is free. We do not need to pay for the advertising cost.” In the 1999 finance report, PT. Mahatani Sentosa contributed a revenue of Rp. 675 million, on assets of 2.3 billion rupiahs.

Tours and travel

According to Haryadi the establishment of PT. Bina Swadaya Tourism started when he made frequent contact with international organizations like UNDP and Unicef. “During that time I frequently received complaints that these organizations’ officers were facing a hard time when they tried to arrange their colleagues’ visits in Indonesia. Then they came to us for help.

They want a well-managed arrangement of field visits for their colleagues who want to monitor the ongoing progress works of their projects in several villages. But soon we came up with an idea of creating an institution to organize this visiting arrangement. Then in 1987, with initial capital of Rp. 100 million, we set up PT. Bina Swadaya Tourism as an answer to our previous problems. We have become more active then ever in creating as many opportunities as possible," he said.

BS Tours offers several interesting packages like Paket Agro Wisata Sehari-One Day Agro Tour, Eco Tour to Cultural Village, Cheap Excursion Tour, VIP (Village Immersion Program), and Thousand Island Tour. BS Tour also offers related services such as air-conditioned transportation rental and leasing, domestic and international tickets, visa and passport arrangement and working permits or offshore legalization. "Basically our packages are typically flexible, non-standard and inquiry-based. It means that the kind of package will be determined by the customers' choice or it depends on the specific request," Haryadi said. With four employees this company succeeded in contributing an income of 24 million rupiahs in 1999.

Cimanggis Training Center

The training center is located in Mekar Sari Cimanggis with 50 rooms and 100 beds. The building was a former printing house before Bina Swadaya

turned it into an inn in the mid-'80s. "In 1980s, Ford Foundation had a visit to this complex. They conveyed the idea that it was too bad if anybody let the building go to waste. They suggested to Bina Swadaya to rehabilitate this site and encouraged Bina Swadaya to send their proposal for a project in which some US\$200,000 funding would be invested in it."

This area holds training programs, meetings, seminars, and workshops for any institution, government, private sector and NGO. "The occupancy rate is quite high. Nevertheless we have a policy that our private training program should be placed as the top priority so that another renter is supposed to wait in a line for the next schedule settlement or they can just check in for another schedule," Haryadi said. The training center contributes revenue of 198 million rupiahs. The assets in Cimanggis amounts to 821 million rupiahs, and the center employs 31 staff.

Rural bank

BPR (Bank Perkreditan Rakyat)-Community Credit Banking opened in the early '90s and now operates with 49 staff members. The bank helps the poor in society to improve their lives by giving them loans. "These grass root persons are encouraged to save some amount of their income for business purposes. The farmers can lend money with lower interest in this bank and use it for advancing their business interests not only in agriculture

area but in extent relevant areas such as agro-trading, home industry, etc.”

Bina Swadaya possesses four BPRs, in Lampung, Indramayu of West Java, Bantul Yogyakarta, and Gresik of East Java. “Initially BPR was established with insufficient capital assets just to meet its minimum requirement. But in the current time, not less than 500 million rupiahs has been invested in every respective branch while some other 500 million rupiahs goes for circulation. We target that the total amount of cash flows in and out will be 2 billion rupiahs.” BPR contributed 1.9 billion rupiahs in 1999.

Professional services

The Bina Swadaya consulting services’ mission is to develop human resources and create a welfare society. “Bina Swadaya has been involved and well experienced in training and teaching for years, creating the increasing opportunity in our consulting business from year to year,” explained Haryadi.

Bina Swadaya consulting covers forestry, farming or agriculture, health, urban and city development, and public consulting. “Our consulting firm works with flexibility. Moreover, the service does not require costly operational budget but it still needs professional staff. Nevertheless the surge of highly competitive conditions made competition in staff recruitment our major consideration. That is why we should be strongly developed,” Haryadi admitted.

In 1999, the consulting sector contributed 2.2 billion rupiahs: 350 million rupiahs in forestry, 658 million rupiahs in agriculture, 680 million rupiahs in health, 222 million rupiahs in urban and city development, and lastly, 329 million rupiahs in other public consulting.

Obstacles

Haryadi said there were some obstacles that the organization must confront. Since the beginning, fund raising efforts generated by the business commercial operation is considered unusual. Some people judged it as taboo. “The problem is that in fact fund raising which is carried out through commercialism is practically not allowed since it has the risk of no acceptance given our social customs. Some even once denounced us for practicing activities more like a private sector firm than a non-profit organization. Ironically, we are considered a sinner who tried to hide and disguise ourselves as a non-profit while on the contrary we operate as a business corporation.

“No matter what it takes and despite abundant offensive comments and weakening criticism we have disappointed them by moving on with our services, which I presume are the right things we should do for the sake of our community. As an NGO, Bina Swadaya’s works and services towards poor community remain and we always seek recognition and revival of society. Just imagine if one office can manage 150 groups where respectively 30 KK

(Kepala Keluarga – family unit) resides then it means there are already 450,000 KK are being handled,” Haryadi argued.

Haryadi asserted that Bina Swadaya only wants to stand firm by becoming independent and self-reliant and not counting on funding agencies. “We are servicing and standing for poor people with our own money. We do not beg for charities by selling our proposals to earn cash. Now we need to be grateful for what we have fought for which is just the right way. Even during the terrible crisis we survived.”

The organization faces a difficult situation in keeping its senior employees. Almost every year, the organization loses its one or two valuable senior staff members. “If the resignation comes from our junior staff we do not see it as a problem but if it happens to our senior staff we see it as something that we surely regret. If we are looking at all investments that we have provided for enhancing our HRD capacity, this loss is obviously intolerable or it probably adds up to our dwindling capability in a more broad sense. Even though there is agreement between us, employees who are no longer tied to the agreement can freely take a decision to leave the office. On the other hand, recruiting a new senior staff member is not easy and it is definitely costly. We are now offering slightly higher salaries and incentives—more than a government worker can earn but we still cannot compete with the offering from international NGOs. For instance, when there was a project—Kecamatan Development Program for ru-

ral communities—we could do nothing except to let our staff walk out of the office to pursue job offers of Rp. 1.5 million rather than to stay for only Rp. 500,000. However we do not give up. Our sense of solidarity still can be celebrated and this is what we need for survival.”

To avoid this problem, Bina Swadaya prepared a teamwork scheme. “We are forging a dynamic teamwork environment instead of loyalty to the institution. One is a part of the other. We expect that this new approach may stop our employees from quitting their jobs here.”

Future Plans

In early 2001, the management established PT. Niaga as a production center. “The reason why we build this company is that we have noticed the fact that each of our business unit has their own separate marketing team which results in lack of coordination. *Trubus* has its own marketing as well as Penebar Swadaya and Penebar Swara. If we take account of the finance side, this is truly ineffective. Therefore we need to combine all marketing works under one roof. This division will be coordinating the sales process and marketing all the products of Bina Swadaya. Consequently, the director of PT. Niaga should take responsibility in ensuring his employees are well paid by optimizing the productivity of the marketing effort itself. This is not a simple task. In the time being we are consolidating in getting started for the excellent

preparation of PT. Niaga's operations."

Bina Swadaya is targeting 13 branches (guswil) within three years. Haryadi is soliciting support from all the branches until the targets are realized. Bina Swadaya plans to add more guswil by generating more partnerships with the local communities. "We are more committed to strengthening the consulting sector than ever before since there is an indication of immense growth that more people are interested in having a consultant from an NGO than from a firm. We are striving for excellence in this sector," Haryadi said.

In addition, Haryadi suggested that Bina Swadaya develop more international networks and linkages in response to globalization and to serve the changing community ends. "We are talking about more linkages, say, an access to ADB, World Bank, international NGOs, private sectors. Our more involvement in the global world will cast a mark of our own in international society."

For *Trubus*, the latest production target was 58,000 copies by the end of 2001. "We do not make up this target. We are convinced that we can realize this considering significant growth of its production during the last few months. In the midst of conditions where economic and political interest-based newspapers are emerging, *Trubus* will remain be consistent with its agriculture-based information," Ronny asserted.

As for book publication, according to Ronny, in the future the publication

division in each respective region would have its own representative. "This must be done in line with the new policy settlement on local autonomy. We will keep focusing on potential areas. The function of our representative is to conduct the daily distribution of books published by PT. Penebar Swadaya and PT. Puspa Swara. If there is no other planning change, we will be opening some distributors again in Medan and Palembang in the middle or by the end of this year."

When asked about Bina Swadaya's key to success over the last 30 years, Haryadi replied: "Principally the leadership concept has not been greatly changing. Mr. Bambang Ismaran has led this organization for such a long time with undoubted commitment and sustainability towards the unfortunates. But he does not walk alone because regeneration is always upheld. Anyone may deserve to be promoted to advance to a higher career achievement as long as he has proven quality." ▸

Case 13

Dharma Wulan Foundation

Introduction

According to 64-year-old Titus K. Kurniadi, the ex-board member of the International Badminton Federation, he feels sorry that there are few people committed to overcoming the problems encountered by the elderly folks. These people face many challenges to keep their independence, honor, and even income level. “Younger” people tend to develop a negative perception towards the elderly who are often treated as a burden on the family. The elderly in turn do not seem to really care. These perceptions veil the degree of the problems of the elderly.

History of Dharma Wulan Foundation

Dharma Wulan Foundation began after informal discussions between Kurniadi and his colleagues on the problems encountered by the elderly. They were worried about the lack of concern by the community and the elderly folks themselves.

According to Kurniadi, in Indonesia, the commitment to, and treatment of, the elderly either by government or community is not as institutionalized as it is in developed countries. Those countries with a state welfare system

provide allowances for the elderly from taxes paid by the working population. In Indonesia, much depends upon voluntary contributions from generous wealthy people. During the economic and financial crises, the condition of the elderly deteriorated further due to the insufficiency of funds available.

According to Kurniadi, “Through the informal talks and discussions, we concluded that the problems of the elderly folks are supposed to be public problems. Therefore, the public should resolve it mutually themselves. Because the elderly people encounter the problems, they should likely involve themselves actively in the process. One of the solutions is by establishing an organization that will do specific work on the elderly people. By uniting into one organization, all the elderly people will be able to handle their own or others’ problems.”

The group established the organization from ideas from elderly people they knew or from family and relatives. They gave the initial capital and collected from other, wealthier, elderly people. The founders and donors became the board of trustees of the foundation.

Kurniadi continued, “From the 30 donors, the board was able to raise 300 million rupiahs. That fund was used to

operate the foundation and start the initial programs, such as structuring of management board and recruitment of new members. I myself was assigned as the chairman of the foundation.”

Dharma Wulan Foundation formally started on February 27, 1996. During the launching period, the group held a seminar on old age problems in Indonesia, and a fashion show in association with a well-known fashion model center. The launching program was held in the Sahid Hotel Jakarta and was widely covered by the media, giving the foundation the opportunity to open new membership registration.

At the same time, the board also set up the Dharma Wulan Forum, a medium for membership recruitment. The Forum was a vehicle to implement the foundation's programs. The foundation chose to focus on the development of institutions and on the implementation of significant programs that involved large communities.

“We also introduced a new term for the elderly people, which is different from the current one. The current terms like ‘manula’ (old age people), ‘lansia’ (old age) contain negative connotations: weak and hopeless. Therefore, to establish a new prospect, we prefer to call elderly people as ‘wulan’ (old age citizens),” said Kurniadi.

After a few months, in order to develop the DWF, one of the board members lent his vacant house for the secretariat and two full-time staff members were recruited to run the daily rou-

tine. Six staff members were then hired to work full-time at the secretariat office. The operational cost and staff remuneration came from the savings deposit interest of the foundation and from regular donations of the members.

The initial years were rough. DWF faced serious financial problems. The initial fund proved deficient due to irregular cash inflows from donations.

Kurniadi said, “For the first period, fund raising was held among the members through their annual donations. Those donations were also treated as a “seal” between members and the Forum. In addition to that, the board also held some seminars, tours, book and magazine publications, golf tournaments, and the other activities. All the above activities have been done in order to provide the Forum and the foundation with self-sufficient financial sources, which is independent from the government and in compliance with its vision, ‘Independent, Honored, and Profitable.’ Since the organization is established to be independent, it should widely perform fund raising programs.”

The Forum tried to hold a monthly meeting where members shared fund raising experiences with each other. The foundation held varied social and charity programs involving senior citizens so that the activities would not seem monotonous and boring to the members.

Both Dharma Wulan Forum and its foundation promotes its programs in the

community and to other senior citizens through the publication of magazines and bimonthly journals, and invites mass media to cover their more popular programs.

Despite its financial difficulties, DWF sprang up outside Jakarta with four branch offices in Semarang, Badung and Bogor. As of February 2001 the total number of members of DWF in the four branch offices was 1,500, but most of them came from the first Jakarta DWF.

The above number is still insufficient to make the Forum or foundation independent, since it has already been five years. To establish an independent Forum or foundation, it ought to be supported by 5,000 members.

Board of Trustees

A board of directors consisting of several senior citizens manages the foundation. However, based on its organizational structure, the board of trustees still holds the supreme authority. The board of trustees plays a strategic and vital role in developing and promoting the foundation. They are not only the founders but also its main donors. The board of trustees is authorized to appoint and resign board of directors. They also recommend strategic policies to be executed by the foundation, especially those activities associated with the assets and financial condition of the foundation. They also insure the continuity and development of the foundation.

The board of trustees include

entrepreneurs, social figures, academicians and bureaucrats, such as Kwik Kian Gie (ex-coordinating minister of economic and financial affairs), Radius Prawiro (ex-economic minister), Jacob Tobing (parliament member), Harry Chan Silalahi (chief of CSIS), and Mayor General Sarwono. Although these persons are not major donors of the foundation, they contribute by using their name, experience and networks.

"Membership of the board of trustees is basically permanent, provided that they do not commit serious crimes or have bad conduct. However, they resign for old age reason. During the initial period of the foundation, the board of trustees consisted of 38 members. However, three of them have died," said Kurniadi.

The board is still looking for new candidates. The replacement and appointment of the board of trustees takes place in the meeting held twice a year between the board of trustees and board of directors. The boards of trustees and directors and the board of the Forum propose the nominees.

A board of directors, consisting of a chairperson and two vice-chairpersons, secretary, and treasurer, run the daily operations. One vice-chair is responsible for financial affairs and vice-chair II deals with the programs and plans preparation. The directors serve for two years.

The board of directors are assigned ad hoc committees to work on programs such as the Dharma Wulan House devel-

opment, social gatherings and the golf tournament. Committee members are selected from the members of the Forum.

“With that management structure, coordination and reporting will be much simpler. For instance, vice-chairman II coordinates magazine publication and he will report every time the magazines are published. His report shall cover such items as total copies, printing cost, distribution, and number of commercial advertisements. The committee will also do the same thing. He shall prepare reports upon the completion of the activities or program,” Kurniadi said.

Dharma Wulan Forum

Kurniadi explained, “We have two working organizations consisting of the foundation as a corporation and a Forum dealing with members’ activities and branch offices.”

According to Kurniadi, the management of the Forum must be approved by the foundation. Some of the directors and trustees also serve on the board of directors of the Forum. Kurniadi himself served both as chairman of the foundation and the Forum simultaneously from 1996 to 2000. Dr. Ir. Januar Dharmawan, a lecturer at Bogor Agriculture Institute, and one of the founders of the foundation, replaced him. Kurniadi continues, “We indeed never bothered too much about the double positions. In fact, the duties of the board of trustees and board of directors of the foundation are not so compli-

cated. When members of the board of the foundation want to have direct interaction with members, they will be given the opportunity to sit in the Forum’s board of management. This mechanism is needed due to the low motivation of members to sit in the board. We frequently have to urge them to become a chairman of a committee or board. They prefer to become just members in every program or activity held by the foundation.”

DWF consists of a central board and branch office management, both led by one chairperson assisted by a vice-chair, secretary, treasurer and some division chiefs. The representatives and all branch management in the national assembly held every three years select the central board. Although the central DWF has overall authority over the branch offices, all branch offices have full autonomy to manage their own cash flow and programs. Each of them allocates regular donations to the central DWF.

DWF separates the foundation’s programs and finances from the Forum’s since the foundation’s perspective is nationwide and long-term while the Forum focuses on routine programs. The long-term programs are reviewed every two years. DWF maintains separate cash accounts for its routine program management. Funds raised from members’ donations and benefits cover the programs or events. Overhead and remuneration of personnel come from the Forum’s savings deposit interest. The foundation earns some income from various events like golf tournaments, semi-

nars, and others. However, both the foundation and the Forum support each other in dealing with financial problems. Cash from various programs and events are frequently shared between the foundation and the Forum.

The Role of the Board in Fund Raising

Kurniadi clarified, "In terms of the fund raising program, the foundation and Forum will cooperate and commit to separate tasks and duties. The foundation is assigned to networking on a big scale and for long-term funding, such as networking of a main fund source and earning funds for the construction of Dharma Wulan House. Monthly and routine operational funding are assigned to Forum. However, in fact, it can be carried out together by both foundation and Forum."

Kurniadi added that since there is no exclusive division for fund raising program management, all board and members are involved according to their respective capacity and competence. For instance, some trustees like Kwik Kian Gie and Radius Prawiro contribute as keynote speakers at seminars and workshops held by the foundation and Forum. Other board members are active in inviting sponsors and in participating in the committee for events. He said, "The reputation and popularity of Mr. Kwik Kian Gie and Mr. Radius Prawiro attract considerable participants in seminars that have been held by the foundation. It can

be understood that both of them are not only capable in their expertise but also having private interesting experience. Some Forum members who are working as accountants, doctors and psychiatrists, are voluntary speakers for the foundation and some others are responsible for the sponsors."

According to Kurniadi, fund raising reflects a philosophy of "take and give" between the foundation and the donors. For instance, during a seminar, a donor or sponsor uses the event to market his products or services. The participants in turn contribute or obtain knowledge and skills. The above approach was deemed more honorable than just begging for help without giving anything in return. Kurniadi noted: "In offering an association with an individual or group (firm) donors, we always highlight the old age issue. We try to motivate their humanitarian commitment. We explain to them about the benefit of helping old age citizens who are mostly handicapped physically and mentally. We do not forget to emphasize the commercial benefit, such as the high prospect of this group to be a considerable market. We also offer a 'win-win solution' to our partners in the fund raising program implementation. With that strategy we can maintain an amicable cooperation with others and continue for the next program."

Fund Raising Activities

Membership

Kurniadi noted that an organization could become independent and sustainable only if all the members were active. Therefore, he believed that all the members should share through voluntary donations with the organization. The absence of voluntary donations from its members will gradually erode DWF's saving deposit.

Therefore, in order to maintain its operational fund, each new member has to contribute an annual donation of 75,000 rupiah or 200,000 rupiah for a three-year membership. For permanent membership, each donor contributes 750,000 rupiah. From its 1,500 members, the foundation annually raises 112.5 million rupiah, for the overhead cost and personnel remuneration.

According to Kurniadi, permanent membership plays a vital role in sustaining the programs of the foundation. Therefore, the board campaigns to recruit as many as possible. DWF, with 1,500 members, seems less successful. Poor membership networking, according to Kurniadi, results from the low motivation and enthusiasm of the senior citizens to participate in an organization. They would rather stay at home and play with their children than work on social or humanitarian activities and undertake serious networking. Both the foundation and Forum have no special division for recruiting new members, but depend

more on the awareness and energy of each member.

Kurniadi explained: "Membership recruitment technique that has so far been applied by the Forum is 'members get members.' Each member is expected to persuade his family, colleagues and relatives to become members. One member is targeted to get at least one new member within one year. In order to persuade candidate members, each member can invite them to the events or programs held by the Forum. Most of candidate members do not register directly after the first invitation or introduction. They just look and enjoyed the programs. Since they were not members, they had to pay a much higher ticket for the events. Most of them register to become members when they realized that they had to pay much higher ticket prices."

Unfortunately, most of the members do not meet the given target. In addition to the poor recruitment model, the foundation never advertises in the newspapers as DWF thinks this is too costly.

Kurniadi asserted that both the foundation and DWF could become viable once it reaches 4,000 to 5,000 active members. The Forum could raise annually 300 million rupiah from 4,000 members. Half of that amount would then be allocated to the foundation and central Forum, and the other half for the regional branches. Kurniadi added, "We therefore seek the most effective way to recruit members as many as possible. However, it is not a

simple job. For that purpose, we have tried to open and operate new representatives in various provinces as to enlarge our members' networking. One of the serious obstacles of picking up new members is the obligation of donation. Despite its low value, most of the old age citizens make a careful calculation. Frequently, they question what would they get by contribution that paid donation. In order to overcome that situation, the Forum tries to provide the members with some additional services. They can enjoy free magazines. The Forum also gives each member a membership card that will give them discounts in several shops, companies, and service centers."

The board associates with 44 business partners consisting of shops, companies, restaurants, hotels, hospitals, pharmacy centers, among others, that agree to provide a discount of 5 to 20 percent for all members of DWF.

Kurniadi said, "It can attract people in contributing donation. We also want to show a good model for entrepreneurs as to provide special services to the old age citizens. Such facilities or services are not common to our corporations though they are normal in some countries. If these facilities or services are followed by other corporations, it will help the old age citizens to enjoy their life."

Special Events

Kurniadi realized some events held by the foundation or the Forum do not contribute to the fund raising effort. Seminars and fashion shows advertise the existence and role of the foundation and provide activities for its members. But Kurniadi thought that funds would come mainly from networking and membership campaigns.

Events are carried out with the financial assistance of several associated agencies, such as supplementary food and medicine companies whose products are consumed by old age citizens. The Forum also partners with some hospitals, publishing companies, and other social organizations.

During those events, all participants, including members of DWF, must contribute. Kurniadi stated, "We emphasize that nothing is for free. They should contribute in accordance with type and scale of the events."

"Internal events" include seminars or preaching for all members and candidate members, usually 100 to 150 participants, and could earn 2 to 3 million rupiah. "Public events" involve 500 to 1,000 participants and could generate 10 to 20 million rupiah. The foundation holds at least three public events a year and monthly internal events.

DWF also created the "picnic tour" for its members—three to five within one year. The tours go to local tourist destinations. The Forum also offers its members

local cruise packages and foreign tours. The latter tours are limited to members with high paying capacity, as the tours can cost US\$2,000 or more, but they generate income for DWF. Local tours on the other hand are less profitable.

The other profitable event is the annual golf tournament, which presents the “Radius Prawiro” trophy. Funds come not only from the participants but also from sponsors, and can raise 30 to 50 million rupiah, depending on the ability of the chief of the committee.

Social Fund Raising

Kurniadi explained, “Fund raising programs for this purpose are designed for all humanitarian or social activities. This program is carried out spontaneously in such events as public gathering and the like. For the Bengkulu earthquake, the Forum was able to raise donations of more than 5 million, which was then transferred to a newspaper that distributed it to the victims.”

In order to accommodate and distribute all donations of members, foundation opened an account, which is called “Dompot Peduli Wulan” or Wulan Care Saving. During the last two years, the savings funds were distributed not just as money, but also as facilities and infrastructure for certain regions. The facilities, including its operation and maintenance, were then handed over to the beneficiaries. For example, DWF contributed water pumps in the village of Rawaged,

Jonggol in Bogor, which had suffered from drought. The project cost 11 millions rupiahs and came from the cash donations of the members of Dompot Kepedulian Wulan.

Kurniadi added, “We are also designing programs dedicated to alleviate poverty and hunger. This project is typically aimed to be a voluntary project. I have been luckily involved in a particular finance body that gives credits and loans to the lower class of society so that I can encourage every single person in the village to take part in this program by joining the finance organization where I am working. They can put in some 10 million rupiahs as basic deposit and one million rupiah as an annual obligatory deposit. So far, we have helped 6,500 smaller entrepreneurs for a total capital accumulation of Rp. 3 billion.”

Arisan Wulan

Arisan is a regular social gathering where members contribute to and take turns at winning an aggregate sum of money. They collect the money and there is an appointed person to handle the collected money. The so-called arisan conductor then will use a lottery to determine who can withdraw the collected money.

Kurniadi explained: “The organizer is usually the person who gets higher accumulation of the benefit. She can save the money in the bank and enjoys the rate of interest from the deposit she has. I got started in predicting how much money

will be raised from organizing such a gathering by computer. I presumed that if arisan is attended by 250 women and the amount of participating contribution for each member is Rp.250,000 monthly, then we will get around a Rp. 200 million profit. Realizing that the profit can go that high, I then decided that this may be a great opportunity for us as to create a new strategy of fund raising to be applied in Dharma Wulan.”

Kurniadi then proposed the concept of arisan to the board. The board responded enthusiastically. They hoped that arisan funds could be utilized to build Griya Dharma Wulan.

“Unfortunately, arisan has normally been perceived as a mere place for housewives and adult women to hang around talking about negative rumors and gossip about other people’s bad personalities and morals. Hence, the arisan which Dharma Wulan will be creating should be different from the common arisan. Arisan must become a place for women to socialize and share positive activities,” Kurniadi said.

The committee adopted three aims of arisan. First, arisan should allow people to socialize and establish friendships. Secondly, arisan should become a medium for people to share ideas and experiences. Therefore, in every arisan, the committee always invites a guest speaker to deliver his religious speech. Thirdly, arisan should also seek people who want to donate money to the foundation.

The arisan committee also deter-

mines the methods and techniques of the arisan game. For instance, the committee established a three-year term of implementation. Each participant must pay the participating fee of Rp. 250,000 a month. Every two months, all participants meet to draw tickets. Two winners are chosen to receive Rp.3.5 million and Rp.12 million. In addition, among 250 participants, only 36 women can become winners since there are only two winners for every draw. The other participants who do not win arisan would receive a refund.

In the initial period of arisan, the foundation suffered a significant loss. From 250 participants who paid Rp.250,000 each, the income was only 125 million rupiahs because of the small interest rate at that time. From 1997 to 2000, the committee could generate Rp. 700 million for the foundation, before operational expenses. A number of winners even spent their arisan income to cover the costs for the foundation. Several others who did not win did not take their refunds and donated it to the foundation.

Kurniadi explained, “As a matter of fact, we have taken an advantage on the interest rate that resided at its higher point in 1999. During the three years of arisan, we used some interest earnings to finance our activity while the rest went to the foundation’s cashbox. If there are 250 participants, the monthly estimated money received is around Rp. 62.5 million.

“Those who did not win actually contribute money for arisan in a respective month but they unluckily do not en-

joy the bank's interest. The interest goes to the foundation. Nevertheless, they still feel delighted when they receive some nine million rupiahs in the end period of arisan draw. They think if they do not participate in the arisan, they will not earn that much of money.

"Nevertheless, this is not the only advantage we get. Arisan also becomes one of appeals why people want to join our Paguyuban (a kind of social gathering). The growing number of participants of arisan indicates the success of organizing this fund raising technique. Arisan has made everyone in paguyuban more involved and aware of her roles in the organization. Those who were previously not interested in paguyuban then become interested and decide to join after all. I presume that it probably is arisan that attracts them to return. As we enter the second period (2001-2003) of arisan, the number of participants has increased significantly to 350 people," Kurniadi concluded.

Publications

Kurniadi explained: "Fund raising through publications arises from releasing *Wulan* magazine, books and postage stamps. We have noticed so far that our publication as one of our profit centers does not effectively work and does not make extra money funds. The lack of interest in reading has been the main cause of this matter especially among old age citizens. Moreover, there is an indication

that people's consumption of books is going down. They prefer to borrow books that belong to their neighbors or friends than to buy or collect them for themselves.

"Another possible explanation regarding this matter is that we have poor human resources to support us in marketing our books. In terms of marketing, only our secretarial staff is responsible for selling our books but their job is done only in particular sessions based on their availability or as voluntary work not as a continuous one. We indeed do not recruit relevant professionals who are good at managing our management system because we cannot afford it," he added.

Given this problem in marketing books, the organization decided to restrict the number of printed copies to only 1,000 for every publication. Wulan released five different books focusing on old age topics and other social issues. Some books provided information on national seminars that the organization holds. Of the 1,000 copies that are released in the market, usually not more than half are sold.

The organization also came out with special envelopes with images of the three winners of the "Wulan Award" and a special postage to commemorate International Old-Age Day in 1999. Unfortunately, these two products did not sell well even after the price was reduced from Rp. 25,000 to Rp.15,000 per item.

Only the magazine has sold well, enough to cover its operational expenses, editorial salaries and printing cost (12 mil-

lion rupiahs). The money is derived from income from advertisements in the magazine. Some paguyuban members used the magazine to advertise. A number of other firms selling vitamins, milk, clothing, medicines and even cars regularly advertise their products in *Wulan* magazine. For Kurniadi, the magazine is aimed at fostering good relations between Wulan members. Wulan members receive free subscriptions.

He added, “Advertisers are commonly from manufacturers of old age consuming products. Some of them are producers of famous branded ones like Sustacal, Kalbe Farma, Nutrifood, and Indexim Alpha. They usually sign a one-year term contract or equal to six issues worth 15 million rupiahs. That is why we are no longer confused as to what ads we must pursue for covering the magazine’s production costs.

“The publication of *Wulan* magazine has entered its fourth year and it proved to be beneficial for both the foundation and the paguyuban. The magazine does not only function as our media of information and communication. In a broader context, it also takes part in drawing more audiences’ attention to become new members. We always enclose a membership application form inside the magazine before copies are sent out so that old people who get the magazine may directly apply for free membership. This strategy seems to be working. The most important thing is that this magazine has made a greater contribution in

disseminating the organization’s mission and vision: an idea of creating and shaping more independent, meaningful and respected images of the lives of the decrepit,” Kurniadi emphasizes.

Building Griya Dharma Wulan

Kurniadi explained that during its six-year existence in the community, the foundation conducted various social activities for both its members and the community. Unfortunately, some people still perceive DWF as too exclusive and only for one particular component of society because the members usually are old, retired executives from the upper middle class sector. Some people opposed the choice of luxurious five-star hotels and restaurants as venues for DWF activities.

Kurniadi explained, “As we introduced our project and settled the annual dues of Rp. 75,000 for funding it, many people stood against it. They came up with the assumption that this organization has become an exclusive one. Then I answered them that indeed our paguyuban belongs to people from higher economic standings since we need their financial support otherwise how we can earn funds for which we later turn it back to our poor brothers and sisters. We do not have much choice but setting up the mentioned annual contribution for our finance fulfillment purpose. Despite our executive membership we still openly accept anybody from any walk of life to join us. This is not the matter of how many executives

stay in our composition but how much have we been benefiting our community is the most important. Even though one organization is not typically elite or not a very grassroots-minded one, it is useless if their social endeavors cannot be enjoyed by the grassroots themselves.”

In order to address this misperception, the foundation and paguyuban attempted to reformulate its activities and to attach more social goals. DWF cooperates with the local community, for example, to take part in building clean water pumps.

The organization recently began work on an integrated activity center site. The building, called Griya Wulan, was conceived when the organization was first established. The facility would accommodate Wulan members. Kurniadi thought that since there are youth centers, the old also deserved its own—the Griya Dharma

Wulan.

In 2000, one family with a Wulan member donated a 5,000 square meter lot to the organization. DWF originally estimated that the building would cost one billion rupiah. However, as the rupiah depreciated against the US dollar and conditions deteriorated, the budget estimate rose to 4.5 billions rupiahs.

Kurniadi concluded, “In meeting that enormous fund, the organization management and paguyuban have committed to organizing various fund raising activities such as golf tournaments, arisan, launching a special contribution box column in *Wulan* magazine and individual giving. These activities are conducted in regularly interconnected schemes. Within the next ten years, we will be expecting the fulfillment of the required budget.” ■

Case 14

Dompét Sosial Umul Quro (DSUQ) Umul Quro Social Purse

Introduction

The *Qurban* or sacrifice is a devotional donation that obligates every wealthy Moslem to pay for the slaughter of different kinds of animals (such as goats, cows and camels) for distribution to the needy people in the neighborhood. The slaughtering of sacrificial (qurban) animals goes on simultaneously on the celebration day of Idul Adha and three consecutive days after. The Islamic term for this period is Tasyriq days. Besides thanking God Almighty for His great blessings and endowments, qurban may also help to develop a spirit of solidarity among the community and bridge the gap between the “have-nots” and the “haves.”

In the last Idul Adha, three Islamic social organizations—Yayasan Dompét Dhuafa (Jakarta), Posko Keadilan Peduli Ummat (Jakarta), and Yayasan Dompét Sosial Umul Qura (Bandung)—collected 10,000 goats and 700 cows with a total value of Rp.7.8 billion. That amount was only 10 percent of the total qurban animals collected by thousands of mosques and Islamic organizations throughout Indonesia.

One qurban goat may cost about Rp. 500,000 (equivalent to US\$50 in 2001) and one cow (for seven persons) may cost Rp. 4 to 5 million. Due to its high cost,

only rich Moslems can undertake the qurban devotion.

The other obstacle is that the cooked but perishable meat is not distributed quickly and evenly. The meat often goes first to middle class people, and then to those who live close by, while the lower-income people who live far are difficult to reach.

Yayasan Dompét Dhuafa developed a program called “Qurban Animal Dissemination,” to move animals to non-urban areas. Posko Keadilan Peduli Ummat distributes qurban animals from Jakarta’s citizens and distributes them to conflict areas. However, the freshness of the meat is sometimes in doubt.

The board of Dompét Sosial Umul Quro (DSUQ) launched its own new program called “qurban saving” and corned meat packaging. DSUQ is a non-profit organization in Bandung that works on poverty alleviation, education and training for neglected children, and casualties of conflicts and natural disaster.

History of DSUQ

Abu Syaqui, a 33-year-old Moslem missionary preaching Islam in Bandung and the surrounding areas, established DSUQ in November 1998. In the course

of his missionary work, the preacher visited the adjacent poor areas, and he was upset that he could only provide the people with spiritual messages, while their real problem was poverty. He narrated: "I have thought of creating a concrete work in addition to my preaching that may help them overcome their real problems. I then minimized my preaching schedule and prepared the establishment of a social organization by which I would be able to serve their daily needs and release them from poverty. Furthermore, I went to some colleagues and called for their support. Some of them contributed funds for the initial capital of the foundation."

As the first appointed chairperson, he was fully involved in the day-to-day running of the foundation. To assist him, he recruited some community leaders to sit in the steering and advisory boards, and legal advisers. He also employed two people to staff the foundation and temporarily located its office in his house. He soon ran into trouble. "The operational cost is incurred from my private expenses. I ran after donors on my own cost. I was about to get bankrupt because all the operational costs of the foundation were always paid on my own expense. When I was preaching I was never short of money, but when I started the foundation, I recognized that an organization would not survive if it is not managed professionally," he said.

In 1999, DSUQ recruited professionals to assist with the management of the foundation. The office was moved from

the chairperson's house to another location. The board designed community-participation programs to attract donors. Volunteers were also recruited to assist the six staff members in various programs and activities.

DSUQ started its kickoff program by assisting the casualties of the Ambon ethnic conflict. The programs included the opening of a donation center, the spreading of donation boxes in strategic areas in Bandung, and holding preaching-gatherings to raise funds from the community. The program raised Rp. 3 billion. DSUQ also deployed doctors and humanitarian missions to the conflict areas to directly deliver the collected donations.

At the urging of its donors, DSUQ provided scholarships and allowances for neglected children, health services, sold VCDs for the Ambon conflict casualties, as well as held fund raising programs for natural disaster and conflict casualties.

As an Islamic organization, DSUQ also works on zakat fund through its Zakat On-line program. DSUQ also uses the internet and e-mail facilities in fund raising programs to catch potential donors outside Bandung. Donors come from many provinces in Indonesia and even from other countries like Singapore, Malaysia, England and Canada.

Since July 1999, the management of the foundation has assigned new personnel and created divisions for fund raising. The Division of Fund Raising and Donors Networking focuses on finding new,

regular donors to support the routine programs and operational cost of the foundation. The Division of Qurban Saving Program, the Division for the Charity Box Program, and the VCD Division deal with temporary fund raising. The board also assigned a special division of volunteers to recruit and supervise all volunteers.

Abu Syauqi asserted, “Our hard work has gradually increased the public credibility to the foundation. People have begun to contribute to the foundation through their involvement (as donors) in every program. With their enormous support, we can afford to incur the operational cost of the foundation and pay the salary of 24 staff for the next nine months. It means that if there will be no single donation received within nine months, we can still afford to operate.”

Abu Syauqi added that the monthly operational cost of DSUQ is Rp. 7 million. The monthly donations currently cover only 12.5 percent. The remaining funds come from several foreign organizations and individuals. Syauqi said: “Within the subsequent five years, we will be prioritizing more on the infrastructure development. Besides internal management reorganizing, we will also open new representative offices in several large cities. Currently, DSUQ has representatives in Jakarta and Yogyakarta. The board also expanded the foundation’s network of domestic and international social organizations. When our infrastructure is already soundly prepared, we will then perform several grand promotions to manage and

distribute the people’s fund. Accordingly, donors will be more comfortable as they can be served quickly.

“Our future target is to optimize the raising of zakat donation, which has not so far been optimally managed and used. The donation potential that can be raised from such donation is Rp. 6.5 trillion per year, as reported by FOZ (Forum Zakat). With a sufficient infrastructure and professionalism, we will hopefully be able to raise that donation optimally,” he stated.

The Role of the Board and Staff in Fund Raising

According to Abu Syauqi: “As our services are mainly on fund raising program, so we will maximize our potential to support and facilitate its successful management. For example, we will use the available donors’ database to network as many donors as possible. All components of the foundation starting from the steering board, board of directors, and staff shall be involved in the fund raising programs.”

The steering board consists of several community leaders. They may have limited time, but offer assistance in different ways. Dr. Atang Ruswita, for instance, as chief editor of the *Harian Pikiran Rakyat* daily, provides DSUQ with free weekly advertising space that allows the foundation to save on the promotion fee of Rp. 4 million per advertisement.

“I myself have to pursue new opportunities and resources. I have to approach

various big companies, government institutions, and both domestic and foreign social organizations so as to develop a reliable and profitable cooperation with DSUQ. Therefore, I have to spend much time outside the foundation, whilst day-to-day running is handed over to the operational manager,” said Syauqi.

Coordination between the board of directors and staff is carried out in a daily meeting every morning. The meeting is used to evaluate the performance of each staff and division and to allow each staff to express and communicate his or her ideas regarding the progress of the foundation. The research and development team evaluates ideas and proposals prior to approval. The monthly and annual meetings evaluate the effectiveness and progress of the current programs and formulate future strategies and programs.

“Creative ideas can be of useful references in designing new and innovative programs or products. Such program can be used to attract medium to high class donors or private and government agencies. The latest groups are one of our target donors in the immediate coming years that may enable us to grow and develop to be a sound and professional social organization. We plan to accommodate a few donors who give large donations. We do not want to have too many donors as it will increase the cost of maintenance and handicap the development of the foundation.

“In order to stimulate such innovative ideas, the foundation always provides

considerable opportunities for every staff to develop their competence and to express their opinions or ideas. The rate of our staff’ salary is as much as that of banking staff. The project manager will even be awarded with a house if he can manage the given target successfully. The other chiefs of divisions have a motorbike. They and family members are also entitled to some medical and maternity allowances. All of the allowances are awarded to motivate them to hard work and full concentration on their jobs for the sake of the foundation’s development.”

The Role of Volunteers

Auliya Ramadhini, the operational manager said: “One of the main pillars for the sustainability of DSUQ is the active role of each volunteer who has devoted his or her time, energy and experiences voluntarily. The volunteer team is one of the main forces of the foundation in addition to the team of professionals. Volunteers play a significant role and considerably contribute in the development and survival of the programs and projects as well as in the success of every fund raising activity of DSUQ.”

The recruitment process for volunteers is held every February. Volunteers are ranked as Candidate Volunteers (CV), Junior and Senior Volunteers. Candidate volunteers go through a training program to raise their rank to Trained Volunteers Level I (TV I) or Junior Volunteers. During the training, all candidate volunteers

are briefed on the mission and vision of DSUQ and provided with some technical skills. Senior volunteers must accumulate 500 working points after Volunteers Training Level II (TV II). TV II mostly go into field emergencies such as Pre-Emergency Safety, open kitchen, leadership management.

DSUQ has held three volunteer training programs and recruited 200 volunteers. About 80 percent of them were university students, the rest were employees, high school students, and religious school students. They assisted in incidental field activities, in the committee assigned by DSUQ for exhibition, Bazaar, Qurban Action, Ramadhan Action, Short Pesantren Program for Orphan and Street Children and Donation Distribution. Volunteers also assisted in the day-to-day running of the foundation, for donors' database filing and donor networking.

"Of the well-coordinated volunteers, there are 50 more volunteers that have been assigned as donation collectors. They mostly are housewives, university students, and employees who have been recruited among the donors themselves. They also work as our contact persons especially when we want to disseminate important information to donors such as new programs, financial reports, and magazines."

Each collector works with 10 to 100 donors at their campuses or companies. With their assistance, DSUQ minimized the cost of maintaining and monitoring donors. Before a collector could quit, he

has to find a replacement.

For the health program, DSUQ also assigned volunteer doctors for its health clinic. The health clinic offers cheaper medical assistance to the poor people and is managed by 10 doctors from the medical alumni of Padjajaran University in Bandung. They manage the health clinic center in shifts. The operational cost of the health center comes from the individual, company, and government agency-raised donations. Those doctors also volunteer in some humanitarian programs held by the foundation, such as mass circumcisions, circulating mass medication, among others.

Auliya added: "All the above doctors are volunteers as they have not been paid by the foundation. However, in order to maintain their loyalty, DSUQ provides them with some incentives like active involvement in every program of the foundation, reimbursement of their food, and some bonuses if they are successful in donors networking. They are also entitled to free training in the field of management, marketing, and journalistic."

Fund Raising Programs

Sacrifice (Qurban) Saving Program

Donors who want to sacrifice a goat/sheep deposit into a savings account Rp.500,000. Those who wanted to sacrifice a cow deposited Rp. 3.5 million. If their savings is not enough for one animal for the current ceremonial day, they keep on saving until the ceremonial day

of the subsequent year. Donors deposit their savings at the foundation or with Bank Syariah Mandiri (BSM). The people monitor their balances through the saving account books provided by DSUQ.

DSUQ offers alternatives to donors in terms of qurban type and its distribution. Donors can sacrifice the fresh or corned meat and select the distribution area. DSUQ provides them with some information, on conflict areas, for example, that are entitled to the sacrificed meat.

In the implementation of this program, DSUQ partners with BSM. The bank not only assists with saving accounts but also promotes the programs of the foundation. DSUQ itself has ten sales marketing officers and volunteers to go to various companies, government agencies and individuals. The promotion also include mass media such as the *Harian Pikiran Rakyat* (Bandung), *Harian Republika* (Jakarta), *Majalah Umul Quro* (internal magazine), and some private radio stations in Bandung.

For meat packaging and treatment, DSUQ works together with Human Appeal International (HAI), an international social organization in Australia that specializes in the slaughtering and treatment of qurban meat for Moslem people around the world. All the processing work, starting from selection of qurban animals, quarantining, slaughtering to its distribution are carried out in Australia. DSUQ registers the names of donors and transfers their donations to the above organization. In order to ensure that the meat

processing (slaughtering and packaging) is according to the Islamic law, DSUQ has one representative staff member assigned to inspect and monitor the process.

“The price of one sheep in Australia is much cheaper. One sheep may only cost Rp. 500,000, including its packaging and shipment. One qurban sheep may be packaged into 24 cans. Whilst in Indonesia, one sheep including its packaging may cost Rp. 1 million,” asserted Abu Syauqi.

Corned meat packaging lengthens shelf life, and allows distribution to underdeveloped, catastrophe and conflict areas such as Aceh, Ambon and Halmahera. Donor companies attach their logos next to DSUQ’s label on each corned meat can. Some companies even help DSUQ distribute the meat. Large companies like PT. Telkom, PT. Dirgantara, PT. Pos dan Giro, Bank BNI have already participated in the program.

“Thank God, the breakthrough has been positively received by the people. It can be indicated from increasing number of qurban animals that have been contributed by the people. This year, the number of qurban animals that can be collected was multiplied from 203 to 1,185 heads. Of that number, 700 heads have been packed into corned meat. Donors who prefer fresh animals will be served by our trading division. Currently, the qurban saving program is participated by 500 donors. We hope it will be of a nationwide program within a period of three years.”

Initially, many people questioned its legitimacy according to Islamic law. Moslems traditionally purchase the qurban animal and distribute fresh meat. Some people questioned the nature of the corned meat and the long packing process—about two months. They questioned the time of distribution, since it did not immediately follow the slaughtering process, as well as the location in Australia.

“We have already clarified the above matters by explaining its legal basis according to the Islamic law. According to the Islamic law, there are two preconditions of the qurban legitimacy covering the animal quality and its slaughtering method. The qurban animal shall be one year of age, healthy and perfect (not physically handicapped). The animals shall be slaughtered within the Tasyriq days. There is no specific regulation on its way and time of distribution. Indeed, one history source mentioned that the prophet Muhammad’s close friends used to store the qurban meat much longer prior to its distribution. It means that at that time preservation was commonly practiced. We shall always prioritize its legitimacy and benefit.”

Foster children program

According to Auliya, this program focuses on finding donors interested in financially supporting the education of such neglected children as orphans, street children, and poor children. Orphans in particular should be introduced to donors

willing to provide them with regular living allowances and ready to be their foster parents. Donors must commit to contribute a certain minimum within a period of one year.

The donors come from the medium to high income classes, who work in companies and government institutions, and live in the elite housing complexes. However, there are also many donors who participate in this program “collectively.” Due to their financial limitations, they asked their colleagues to join them in a group. These donors are mostly university students, high school students and private employees.

“We provide donors with some alternative payments. For those who want to pay for the scholarship of some orphan, they may only incur a monthly donation of Rp. 65,000. A monthly scholarship donation for poor children is as much as Rp. 40,000, and for street children is Rp. 25,000. The higher rate for orphans includes his or her daily living allowances.”

At present, DSUQ has 350 donors with an average monthly donation of Rp. 20 million. The above donation pays for the education and living allowance of 400 orphans, poor and street children. To develop close ties between foster parents and foster children, the foundation sends the foster parents the children’s grade reports and asks the children to write to their foster parents regularly.

Charity Box Program

Auliya noted that the “Charity Box” was initially designed to collect funds for the Ambon ethnic conflict casualties. However, since the quantity was considerable, others suggested that this charity box program should include other beneficiaries such as orphans or poor people. Charity boxes are placed in crowded areas, such as supermarkets, hospitals, banks, and government institutions. The DSUQ charity box is made of glass with an artistic design.

“This program may actually be of a high potential for fund raising. But, it also has many potential obstacles. Most of the owners of the supermarkets, banks, and institutions refuse to put the charity box in their places, giving such reasons as it can violate the image of their companies and the collections were hard to account for. Therefore, we had to assure and talk to them very patiently. In order to optimize their time, the marketing staff prepared some supporting data such as a letter of introduction, magazines, brochures, and so on. The managers were assured that they would be notified regularly all the allocation of the collected fund. In return, DSUQ attached the logo of the companies concerned in every humanitarian program, of which fund was sourced from the charity box program.”

Currently, the foundation has 100 charity boxes in Bandung with an average monthly collection of Rp. 10 million.

“We will continue to develop this

program by surveying some more strategic areas. We will maximize the role of volunteers to fill the other new areas that will be strategic for charity box placement. We will prepare all the supporting documents when our volunteers are ready to approach the management of the target places or companies. We keep forwarding the financial balance sheets to the managements of the institutions concerned in order to maintain credibility,” said Auliya.

In addition to the above programs (Qurban Saving, Foster Children, and Charity Box), the foundation also carries out fund raising activities through VCD selling and ZIS (zakat, infak and sadaqah) collection as well as incidental programs to assist the casualties of natural disasters and ethnic conflict. The other activities have 4,000 donors who contribute regularly, though in small amounts, and DSUQ raises annually about Rp. 3 billion.

Towards a Professional Foundation

Abu Syauqi argued that despite its traditional features as a religion-based foundation, DSUQ funds should be raised, managed, and distributed professionally. Therefore, the foundation should always motivate its staffs to suggest and recommend new and creative and professional ideas. “In that way we can survive and develop the foundation more professionally as well as to win donors’ credibility,” he said.

Syauqi added that it was not a simple

task to develop DSUQ as a professional fund raising organization. One obstacle was the lack of capable human resources in management and marketing. Both DSUQ and similar social organizations are weak in these two areas.

“Most of our staff have no management and marketing backgrounds. Management and marketing skills are gained merely from some short training held internally by the foundation. Additionally, the foundation is facing difficulty in recruiting staff that are capable and professional in marketing and management due to the image and salary that may be lower than that offered by profit organizations in general.

“To cope with that problem, we always try to send our staff to every management and marketing training and find them some donors who would likely award them scholarships to learn much deeper about the two subjects. Most important is the growing of a professional work ethic and culture among the staff. We emphasize that although they work in an NGO, they have to work like they are in a professional organization. They also have to act as productive public relation or marketing officers of DSUQ to the public. We always motivate them to use all the opportunities to promote our foundation effectively.” ■

Case 15

Christian Foundation For Public Health

Introduction

“As you go, preach, saying, ‘The Kingdom of Heaven is at hand!’ Cure the sick, wake up the dead, cleanse the lepers, and cast out demons. Freely you received, so freely give.”

(Matthew 10:7-8)

This excerpt from the Bible, Matius 10:7-8, resonated in the minds and souls of some Indonesian Christians, leading to a humanitarian organization called JRSK (Jajasan Rumah Sakit Kristen)—Hospital Foundation for Christians. The Yayasan Kristen Untuk Kesehatan Umum (Yakkum) in Surakarta, Central Java, has established 10 hospitals and 21 medical clinics. The latter serve as places for child delivery, maternal and child care, and as a general health clinic, located in Central Java, East Java, Yogyakarta and Lampung and South Sumatra.

In 1947, the assets of churches were being taken over, so the representatives of Gereja Reformasi (Reform Churches) in Indonesia met to resolve the issue at a conference called the Kwitang Accord, in Kwitang, Jakarta. Under the agreement, the Old Christian Body (Dutch Zending)

that was responsible for public health services before the Second World War in Indonesia turned everything over to the Indonesian churches.

The Kwitang Accord was fully implemented after the Round Table Conference that regularized the peaceful relationship between the Republic of Indonesia and the Dutch government. The Indonesian churches continued the work of the previous Dutch Zending, and even received grants, especially for health services. The new churches were the Synod of Christian Churches in Java (GKI) and the Chinese Christian Churches of Central Java. These two churches established the Christian foundation for the Christian hospital in Central Java.

On January 31, 1950, a meeting of the representatives of the Central Java Christian Churches, Chinese Christian Churches of Java and the representatives of Netherlands Reform Christian Churches in Indonesia, led by Dr. Soenoesmo Prawirohusodo, created the Christian Hospital Foundation (Jajasan Rumah Sakit Kristen [JRSK]) the next day.

Four months later, JRSK joined with the Hospital Religious Foundation (Wakaf RS) with Dr. Samallo as chairman and the general manager of the Yogyakarta Toeloeng Hospital (now called the Bethesda Hospi-

tal). The main committee of Indonesian Christian Party (Partai Kristen Indonesia [Parkindo]) founded the Wakaf Foundation in Yogyakarta, on March 1, 1946.

"This ally is much better for us instead of operating alone. We are able to unify the vision and mission that leads us to politically become stronger. But we also acknowledge that it is not easy to actualize the alliance because each church usually has its organization with its own management style," said Firman Nefos Daeli, the head of the education bureau, research and development of Yakkum.

The JRSK accepted the grants from the Dutch Zending. Meanwhile, the Wakaf RS managed the Christian hospitals in Yogyakarta. On July 1, 1950, the assets of the Dutch Zending in Yogyakarta were handed over to JRSK. "Through this agreement, it is stated that the churches of the Dutch Reform Church are given free to JRSK. The properties are the building, residence, land including branch hospitals, all movable goods and the instruments," explained Nefos.

On December 5, 1964, the JRSK changed its name into Yayasan Kristen Untuk Kesehatan Umum (Christian Foundation for Public Health [Yakkum]). "It proves that historically the orientation and the concept of service remains, and Yakkum changed from a hospital-oriented and became holistic health-oriented," said Sigit Wijayanta, the operating director of Yakkum.

Besides health services through hos-

pitals and the medical centers, Yakkum also operates outside the hospitals by directly reaching the community. Yakkum pioneered family planning, primary health care, social rehabilitation, physical rehabilitation, people health service, medical manufacturing, agricultural and farming skills courses, technical skills courses, transmigration programs.

"In general, our service is divided into physical, socioeconomic, spiritual and mental. For actualizing these activities, Yakkum often gets support from many government agencies such as the social department, health, transmigration, universities," said Nefos.

Yakkum foundation provides medical support in emergencies or natural disasters. Its community development emphasizes income generation. The third model, the community organizer, involves persons who monitor projects. Finally, in the transformation model, the community manage the program themselves supported by their associates if needed.

According to Nefos, Yakkum still emphasizes the vision and mission for treating people in the public health without looking at race, religion and beliefs. Yakkum uses as its symbol the cross, pigeon and open hand. The white cross symbolizes safety/life because of Jesus Christ's sacrifice on the cross, the alliance between God and humanity. The light blue pigeon represents the Holy Spirit given by God to human beings. Finally, the open hand symbolizes the readiness to help those in need.

Yakkum Management

The organizational structure of Yakkum consists of Dewan Pengurus (board of directors), branch manager, working unit management, operational directors, Badan Musyawarah Kesejahteraan Karyawan (employee prosperity meeting board and assistant board of directors).

"In general, the structure of Yakkum is divided into three decision making levels, that is, the board of directors, the regional level managed by branch manager, and the last is the operational level, the working unit driven by directors," said Nefos.

Nefos noted that the board of directors has the power to lead and manage Yakkum. The board also meets together with the Church Synod. The board of directors has nine members. The chairperson, vice-chairperson, and the secretary represent Yakkum to the public. The board of directors is appointed once for a five-year term. The board of directors are not allowed to be appointed twice consecutively. The board of directors in turn is responsible for appointing and dismissing the operating directors, vice-operating directors, working unit chairman, manager of BMKK and the assistant board. The board of directors is responsible for reporting to the Founding Church Synod of Yakkum.

The board meets once every three months, with a quorum based on 51 percent attendance. Sometimes Yakkum holds special board meetings for budget

changes, dismissals, and other special problems.

The operating director is the intermediary between the board of directors and the management of Yakkum. The vice-operating director and the bureau chairmen support the operating director. They usually hold regular meetings once every two weeks. "We sometime also do the coordination informally, for example, through e-mail, telephone, so that important things can be discussed quickly," added Nefos. The board of directors meet with the operating director once every three months.

The Muker is the coordinating forum for all the working elements of Yakkum, held by the board of directors at least once every four years to discuss the foundation's progress. The Muker discusses the challenges encountered, the developments five years ahead, and proposals for the next five years. The output from the Muker usually become the basic report for the board of directors in the meeting with the Church Synod.

Yakkum Hospital

In the beginning, Yakkum was only given grant enough for two hospitals. The donations increased until there were 10 hospitals and 24 BP/RB/BKIA (see table).

According to Nefos, the occupancy rate of the ten hospitals is good enough (see table).

In 2000, total number of full-time

table 2.4

Working Units of Yakkum Hospitals		
Working Unit	Type	Total Beds
Bethesda Yogyakarta Hospital	Prime (B+)	529
Ngesti Waluyo Temanggung Hospital	Middle (C)	225
Panti Waluyo Citarum Semarang Hospital	Middle (C)	185
Panti Wilasa Surakarta Hospital	Middle (C)	114
Panti Rahayu Grobogan Hospital	Middle (C)	125
Panti Wilasa Dr Cipto Semarang Hospital	Middle (C)	110
Emanuel Banjarnegara Public Hospital	Pre-Middle (D+)	90
Mardi Waluyo Lampung Hospital	Pre-Middle (D)	50
Panti Waluyo Purworejo Hospital	Pre-Middle (D)	43
Sinar Kasih Purwokerto Hospital	Pre-Middle (D)	25

table 2.5

Occupancy Rate of Overnight Patients in Yakkum Hospitals						
Indicators	1994	1995	1996	1997	1998	1999
BOR(%)	53.4	59.4	51.4	54.2	46.6	52
LOS(days)	5	5	4	5	4	4
TOI(days)	6	4	3	4	5	5
BTO(ps)	3	3	4	4	4	5
NDR(%)	4.1	2.6	2.1	2	2.1	2
GDR(%)	8	4.7	3.1	4.4	8.9	6.1

and part-time staff and the medical and non-medical employees reached 3,867.

Fund Raising Activities

According to Sigit, “We do all the things well including planning to implementing. Moreover, what we emphasize here is the philanthropy element.” Nefos said: “The board of directors must figure out how to get the funds in order to run the foundation’s operational activities.” Yakkum’s profit-making units are the hospitals, medical factory and Yakkum craft. “Like other professional companies, the board of directors will determine strategies on how to run the units so they can grow every year,” said Nefos. “For ex-

ample, the board of directors will listen to any input and contribution from many parties so they can apply the policy to maximize the hospitals’ potentials.”

According to Sigit, one critical issue was the competition among private hospitals. “Now, almost every region has its own private hospitals. In this case, the management should be adding some necessary facilities in their hospitals, of course, coordinated with the management of our hospitals.”

Another example was the medical factory of PT Yekatria Farma. To stave off its financial problems, the board of directors decided to open ownership to others. “Previously, the stock was fully possessed by Yakkum. However, because of this fund

raising difficulty, the board of directors determined a policy of stock sharing. We expect that by this way, Yekatria Farma can survive,” said Nefos.

According to Nefos, the employees also raise funds indirectly. “They can work as best as possible in their field. If the doctors and nurses work professionally and give excellent services, the patient will enjoy the stay in the hospital. If the patients are satisfied, of course, they will return for the next medical treatment.”

“For people who cannot visit the hospitals or medical clinics because of financial reason, we have a program that enables us to visit poor people to give medical treatment. The costs can be covered from the social fund,” said Sigit.

Health section

Based on the existing data, the average growth of patients using the health service units of Yakkum is increasing at around four to five percent annually. “The growth is not too fast anymore because some private hospitals are now set up around the region,” said Nefos.

“Each hospital has its own authority for managing its funds. Nevertheless, each unit must make a financial report to the Central Yakkum. Hence, Central Yakkum will not handle all the financial matters but just control them,” added Sigit. Every unit must set aside one percent from total revenues each year to Central Yakkum as the inter-unit fund (DAU). “The DAU submission is usually done af-

ter knowing the year’s total revenue. The funds year to year of this DAU is increasing though it fluctuates. This levy was applied since 1986,” said Nefos. “There is also a public accountant to audit the financial report,” added Pujo.

The most valuable unit is Bethesda hospital. “The next greatest contributors are the Panti Wilasa Citarum Semarang followed by Emmanuel Banjarnegara public hospital,” said Pujo.

Central Yakkum manages this inter-unit fund. “This fund is for many necessities, but mostly for helping the health unit. The rest is for operational costs for Central Yakkum including employees’ salaries,” said Nefos.

According to Pujo, Yakkum accumulates substantial receivables because some patients are not able to pay the cost for RS/BP/RB/BKIA. “Almost each year, there are credit accounts. In one case for example, they said that they were not able to pay and left an identification card. We sent several letters, but they did not respond. When we came to their house, they did not in fact live there anymore. In another case, because of incapability to pay, the patients just left the motor vehicle as a guarantee. In fact, some years passed and they did not take the motorcycle back until it was broken. But we remain aware of our social function. For example, if an accident happens, the victims are sent to Bethesda hospital. It is not polite to ask them first whether they have money or not. What we must do is to help them first, the problem of payment comes next,”

said Pujo.

The foundation had a medical factory, PT Yekatria Farma, founded in 1967, to produce quality medicines at reasonable prices. "That time, we thought it would be better for us to make it ourselves than to buy medicines from distributors, so we established this medical factory. The advantages are the lower cost and quicker distribution," said Nefos.

According to Pujo, the initial funds for Yekatria Farma came from Yakkum and Zending donation. "On the other hand, we also need to expand the business. Eventually, we sold shares to other investors who now own 45 percent," said Pujo.

Yekatria produces about 60 different generic medicines, distributed along Central Java, East Java, Yogyakarta and Lampung, including other Christian hospitals in Indonesia. "The growth of medical production is good enough, about 5 percent per year," said Nefos. According to Nefos, Yekatria Farma plans to add working capital and expand services to areas or hospitals outside Yakkum. Government regulations require a medical factory to have its own distribution unit, so Yakkum set up Yekatria Husada Farma. However, according to Nefos, "Yekatria Husada Farma can only distribute the medicines of Yekatria Farma. It must not be like this. Like other distributors, they must also distribute medicines from other factories." Lately, PT Yekatria Husada Farma has secured several other medical trademarks and is prepared to expand its

network. "Hopefully, this can be realized soon so that we are not left behind the other medical distributors," said Nefos.

According to Nefos, the health service units under Yakkum are not obliged to buy medicines produced by PT Yekatria Farma. "There is no such obligation for them to buy, we are only suggesting to them to use our products. In fact, we acknowledge that it is possible that our medical price is more expensive than other products. Meanwhile, we produce in limited quantity. But the more production, the cheaper the cost. This suggestion was well received by the other working units."

Craft centre

Yakkum Craft, founded in 1991, produces leather goods, and was part of the Yakkum Rehabilitation Centre, founded in 1982. The workers of Yakkum Craft were the residents of the Rehabilitation Centre. The centre took in handicapped children and adolescents from unfortunate families, and orphans.

"Here we help them to stand alone physically and economically. Physically means that they can do their daily activities independently. While economically means that they can survive by their own skills and talents," said Nefos. According to Nefos, the children who showed talent in making many products from leather or wood, were asked to join Yakkum craft. The unit has about 20 people.

In the first two years, Yakkum Craft only produced goods from leather such

as bags, shoes, and wall decoration. Recently, various products have included wood and accessories and children's games. The unit has about 16 different products.

Since 1993, the products made by Yakkum Craft have been exported to foreign countries including Australia and Europe. In 1995, Yakkum Craft produced around 13,000 units worth Rp. 240 million; four years later, in 1998, it sold 28,000 units worth Rp. 1.37 billion.

Yakkum has other units in the education field, i.e., two nursery academies (Akper). "But it no longer produces any surplus. It really needs a lot of subsidy from the Central that must be taken from our inter-unit fund. The education tuition is now very expensive, as are all the instruments used for supporting the teaching process," said Nefos.

This lack of clarity confuses the working units," said Nefos. Yakkum designed a program through its public health service unit to help anyone who cannot afford to pay the medical costs. "To publicize this program, of course, we need more funds."

Furthermore, "The world development on health is very fast. In this case, it is necessary to invest in expensive facilities and instruments. On the other hand, we also need competent medical personnel." According to Nefos, Yakkum wants to provide more social services to the public. "Credit accounts, for instance, were studied previously in some service units. We want to intensify this type of social program." ►

Problems and Future Plans

According to Sigit, running a foundation is not an easy job. Many interests collide with one another at the same time. "For example, we just sell medicines using market prices, for instance, 30 percent. However, if we do this, how can we realize our social function? We also have in-patients who do not fully pay. If we keep them, it creates further problems. On the other hand, if we let them just to escape without paying their duties, we need more funds for operating the hospitals."

"We have not, of course, separated strictly the business and social interests.

Case 16

Koperasi Setia Bhakti Wanita (KSBW)

Introduction

What Muersia Zaafril experienced during the era of the revolution deeply impressed this Bangkalan-Maduranese woman. Her experiences during the Dutch and Japanese colonial regimes and the post-independence era of 1945 enabled her to observe the actual misery or poor life of her people. Ironically, those who were financially comfortable seemed not to bother about the ailing lives of their brothers and sisters.

Zaafril tried to find the answer to this depressing reality. Born in 1925, this daughter of a prosecutor was obsessed with creating a cooperation-based community. "To build a prominent state, it is necessary to develop its human resources first," she argued. An activist of the Socialist Party, she chose cooperation. "Through a cooperative we hope that we could establish a cooperative community despite its longer process." Since 1954, this woman who served as a personal secretary of the late president Sukarno wanted to push forward "women cooperation" (KOPWAN). "Why it was exclusively made for women? Because I thought that women were the ones who would take most responsibility for and manage domestic affairs and cash flow."

Zaafril, now the grandmother of four,

established cooperation units with thousands of members. One of the outstanding units, Koperasi Setia Bhakti Wanita (KSBW), accumulated hundreds of national certificates of merits and trophies, such as the National Trophy for the High Qualified Cooperation Unit.

History of KSBW

The success of the women-based cooperative, Koperasi Setia Budi Wanita, in Malang, East Java, motivated Zaafril to expand to Surabaya, the capital city of East Java. On January 18, 1978, assisted by four colleagues, she established the Koperasi Setia Bhakti Wanita (KSBW) with 35 women who were an "arisan group." Half of them were members of the Socialist Women Movement (GWS). "Due to their success in Malang, they were interested to establish a similar cooperative unit in Surabaya. Accordingly, I had no such a significant handicap to realize what I wanted to do in Surabaya." The arisan group already offered a saving and lending scheme. Unfortunately, its capital was insufficient, just Rp. 50,000. Zaafril immediately lent Rp. 30,000 from her personal resources. Besides assisting the group with capital, the wife of Dr. Zaafril Ilyas—a medical specialist in Malang—also voluntarily commuted from Malang to

Surabaya to share her knowledge with the board of KSBW. "I taught them how to manage a cooperative unit in terms of administration, capital raising, saving and lending management, and so on." The store manager of Koperasi Setia Budi Wanita, Ahmad Rifai, assisted the graduate of Yogyakarta Taman Siswa School. Due to the lack of capital, the garage of Tati Yudara, one of the founders, became the office of KSBW.

Zaafir recognized that what she taught could be applied easily. "Almost all the board members came to the 'garage-office.' We could arrange everything there, like preparing letters and sending them ourselves as we had only two staff. We kept learning how to manage this," remembered Tati Yudara, secretary-II of KSBW.

"Frequently, members had to spend their personal expenses for the day-to-day running. I don't mean to show off, my family happened to own a car that I also used for KSBW. At that time, the motivation and sacrifice of each member were incredible. Yoos Lutfi, chairperson of KSBW, a graduate of economic faculty of Brawijaya University, has been active with KSBW since it began in 1978. Although she was not a member of the 'arisan group,' Yoos Lutfi was entrusted to sit on the board as a general assistant. Two years later, she was appointed chairperson of KSBW."

On May 18, 1978, the office of Surabaya KSBW formally opened with 75 members divided into five groups. The initial program was to set up a revolving

fund. Members were obliged to pay primary saving, compulsory saving, and voluntary saving. Voluntary saving was collected from members for a revolving fund for the day-to-day running of KSBW. "During the tough situations, all members used to save their money at the KSBW that could be used to help the poor people. For voluntary saving, we offered an interest charge of 0.5 percent."

"I was surprised that women in Surabaya were very much responsive to the presence of KSBW. They were interested and came to register as members. For effective supervision, members were classified into some groups. Each group consisted of 20 to 50 members," explained Yoos Lutfi. In 1978, KSBW had 75 members divided into five groups. Within two years, membership had grown to 1,525 persons or 76 groups. In 1985, the number of members reached 3,161 persons or 215 groups, and in 1990 membership increased to 4,942 persons or 335 groups. Based on the latest data, the membership of KSBW as of 2000 is at 9,177 persons or 337 groups.

According to Yoos Lutfi, the promotion of KSBW was through word of mouth. "This approach was so effective that the profile and programs of KSBW were known everywhere in Surabaya. The other approach was by assigning a new member to different locations to build up a group of her own. Or, a member of one group might also be allowed to build up a new group in her place. For instance, a member who lived in Kertajaya might also

build up her group and so on.”

At the beginning, all board members went directly to the field to supervise and coordinate with the other members. Board members supervised groups in two different regions. However, in 1982, the board assigned a field counselor to mediate between members and the board. KSBW's motto is to develop “collectiveness,” and its vision is to promote KSBW as a reliable and firm economic organization to support various professional human resources.

Internal Stakeholders

KSBW has a chairperson-I, chairperson-II, secretary-I and II, treasurer, managers, field counselor, board of advisers, and controller. The annual organization meeting is the supreme authority where all members and board directors declare and evaluate the statutes, general policy, work plan, budgeting, financial report acknowledgement, board and controller reporting, expiration and appointment of the board and controller.

KSBW set up a group representative-based system under the following conditions: If a group consists of 500 to 1,000 members, 20 percent of its members could represent it, 15 percent for a group with 1,001 to 3,000 members, 10 percent for 3,001 to 7,000, and 5 percent for membership above 7,001. The meeting is called when more than one-half of the group's representatives are present.

“The chairperson should lead the

implementation of all policies and programs declared in the meeting and supervise and coordinate her staff in such a way that they will be able to perform her duties, as well as define job descriptions of all the board,” asserted Yoos Lufti.

For the last two years, the post of chairperson-II was transferred to secretary-I and II. The treasurer and another manager coordinated the financial administration of two business units—the saving-lending scheme and shopping center. Currently, the core board consists of the chairperson, secretary-I and secretary-II, treasurer and manager. The statutes of KSBW recommend that the board should consist of three to seven persons. The KSBW board is supported by 62 staff members.

The board meets twice a month. The meetings focus on regular agenda items such as the evaluation of the progress of the program and business units, and to set up subsequent programs, as well as to find solutions for the problems encountered. “We also often conduct an informal meeting where we could simply communicate with one another,” added Yoos Lufti.

Board terms expire every three years, with one-third of the new board members added to the preceding ones. “Additionally, as a nominated chairperson, I have been given authority to choose some members that may join. It means that I have to consider whether the new members of the board will be able to cooperate with the chairperson,” said Yoos Lufti.

The field counselor is a mediator between the board and KSBW members. "The field counselor should deliver and inform everything that may be necessary to every member. On the other hand, following her monthly meeting with members, the counselor will report all ideas and inputs of members to the board," Yoos Lutfi said. Currently, field counselors consist of 26 persons coordinating 339 groups. One counselor normally supervises 12 to 15 beneficiary groups. All the free-lance counselors attend a monthly group meeting, normally held in a member's house. Members use the group meeting as a place where they can save and borrow some money.

According to Yoos Lutfi, the field counselor is a highly strategic post in KSBW as she meets the members regularly. Thus, the board meets with them twice a month. The meeting typically discusses and decides new policies or announcements for the members. The counselor then holds a meeting with her own group prior to her meeting with the board in the middle of the current month. "We will discuss all current issues and problems and find the alternative solutions together. In order to confirm and anticipate the potential problems, one board will hold a special meeting with one counselor. In that way, the board will be able to evaluate in detail the reports of each field counselor," said Yoos Lutfi.

The controller board, appointed every three years, consists of two persons responsible for controlling all the

effectiveness of the policies defined in the organization meeting. The pair also has the authority to investigate whether the board committed "collusion, corruption, and nepotism." The board of advisers has provided appropriate inputs. "However, for the last two years, the board of advisers was eliminated as that position is no longer necessary since KSBW is already well established."

Collective Basis System

The success of KSBW lies in its collective basis system. "Collective basis system is a way of disseminating tasks and duties to all groups or half of members so that they can share it with KSBW. It indicates that members have a collective commitment to help one member who are at risk from debt," Zaafril elaborated. According to Zaafril, the collective basis system was inspired by "arisan." "At the arisan, mothers were crowded in groups. If one was absent, one member would help take her arisan fee. Even if the absent member did not send her fee by chance, one member would normally pay for her at first. They were happy to do that as they have known each other. Based on my observation of many arisan groups in East Java, I would conclude that all arisan groups have the same characteristic.

"My idea was inspired by the above phenomenon. It is better to apply arisan system in cooperative management. I was motivated when I realized that there were many women-based cooperation that were

stagnant while arisan groups have survived. I have seen a spirit of collectiveness of helping each other. Based on the above condition, I then decided to apply the collective basis system to every established cooperation unit.”

Zaafil stated that the collective basis system was very effective in building team work, newcomer registration, changing the attitude and behavior of members, making proposals of credit, and in maintaining the behavior of the group leader or coordinator.

“For example, if one group member borrows one million from KSBW, and then she by chance will not be able to come and pay her installment, the other group members will pay for her. If she will not come until the final installment, all of it will be paid by the other members,” added Yoos Lutfi. All members must agree to apply the collective basis system once they register to join with the cooperation.

The collective basis system allows the members to save or borrow through proposals made in the monthly group meeting, held between the second and 13th days of the month in one of the members’ houses, with the presence of one field counselor.

“Each group is coordinated by one group leader. The group leader is responsible for coordinating the saving and installment of each member that will be reported to cooperation. Furthermore, as I said earlier, if one member fails to pay her installment, it will be paid by the other

members,” asserted Yoos Lutfi.

The cooperative sanctions all members of one group when the collective commitment is not performed to help a failing member. First, the cooperative stops the transport allowance (Rp. 3,000) of the group leader for three consecutive months. During the sanction period, the KSBW assigns a staff to collect the members’ savings. Second, the credit limit is reduced. “In addition to sanctions exercised by the KSBW, personal sanction is also given to those who fail to pay her credit or installment, despite its flexibility. Every group will exercise different sanctions. For example, the member concerned will not be entitled to some credit for a period of three months,” explained Chandra. Sanctions are also imposed on members who postpone their food-credit payments.

“In the application of the collective basis system, the field counselor plays a vital role. She has to motivate the members so as to keep them participating in the meeting and contributing their savings. In addition to that, she should also remind them to borrow according to their financial capacity. The most important is the commitment of members towards the application of collective basis system that shall always be maintained and emphasized by both group leader and field counselor,” explained Yoos Lutfi.

In consideration of possible high risk, members of a group are very cautious in registering new members. “Normally, a new member will be registered upon the recommendation of one member of her

colleague or acquaintance. Credibility is emphasized in a group. Accordingly, if someone wished to be a member, it was not necessary to go to the office. The board is also neither entitled to reject nor force somebody to become a member of a certain group.”

Fund Raising Activities

KSBW had two business units consisting of a saving-lending scheme and a shopping center. In 1998, KSBW's assets reached approximately Rp. 10.4 billion and increased to Rp. 16 billion in 1999. In 2000 it reached Rp. 21.4 billion. KSBW omzet was Rp. 2.6 billion in 1990 and it increased to Rp. 8.4 billion in 1995. In 2000, it rose to approximately Rp. 35.3 billion.

In 1985, KSBW dividend was Rp. 157 million and it increased to Rp. 686 million in 1997. In 1999, the dividend more than doubled to Rp. 1.5 billion. “KSBW has its own rule in dividend distribution. Fifty percent is distributed to its members, 10 percent for education and training program, 5 percent for staffs' bonuses, and 5 percent for board, and 1 percent is saved for capital stock,” Henny H., treasurer of KSBW, said. The saving and lending scheme contributed 85 percent of the income, and the shopping center contributed 15 percent.

Saving and lending scheme

Since 1978, the compulsory saving of Rp. 2,500 was paid five times, in in-

stallments. In 1995, the primary saving per person was increased to Rp. 50,000 and in 1999 it was increased to Rp. 150,000, and to Rp. 250,000 in 2000.

There are four types of credits: 1) Members are entitled to a maximum credit of Rp. 6 million without collateral with charged interest of two percent; 2) Special credit is offered to members with collateral on a personal basis regardless of group-based credit procedures. This credit is normally used for business development. Therefore, prior to the approval of the credit, the business has to be reviewed by the board and monitored by a team of facilitators; 3) Small credit scheme charge interest of 2.5 percent, offered to the public, excluding the members of KSBW. “This is one of our services to the public regardless of sex group.” 4) The credit scheme for small-scale retailers was very similar to the small credit scheme with lower platform. “This is also offered by KSBW to commit its mission of helping the poor people. It is offered without collateral. The beneficiaries of the credit consist of small traders including peanut or rice sellers at the traditional market.” Based on the latest data, total credit by KSBW is about Rp. 19.7 billion.

The credit is distributed to the groups during the group meeting. Normally, the group meeting is held every 2nd to 13th day of the month. In the meeting, the members complete a credit request form (SPP). “The credit to be distributed to members will be discussed firstly by all the members and it will be awarded in

accordance with their active participation in the group and due installment,” Yoos Lutfi noted.

The maximum amount of credit per individual is Rp. 6 million. However, any one member is entitled to four times her compulsory saving. The group platform is for three times compulsory saving. Of course, the amount of group platform varies from one group to another. “Normally, not all of the platform amount (Rp. 6 million) is taken. Members typically remind each other to borrow as much as their capacity. The above credit withdrawal procedures are our way of controlling things.”

Kunti Yusuf Syah, secretary II of KSBW, gave this example. “A group with 10 members has a compulsory saving of 1 million rupiah. It means each of them is entitled to borrow some credit of Rp. 4 million. But the total credit of the group shall not be more than Rp. 30 million.”

According to Yoos Lutfi, once the credit of one member is approved, all the group’s members, the leader, and the field counselor sign the credit request form. According to the new regulations, the credit request form becomes valid only if it is signed by at least 50 percent of present members of the group.

“The signature of the field counselor is important as it indicates her high concern over the process how the agreement is taken. Then the credit request form will be taken by the group leader to the cooperative’s office to arrange the credit proposal. In case the credit is requested

prior to the fifth day of the month, it can normally be liquidated at once on that date. But if it is made over the 13th day of the month it will take about two to three days until the cash can be liquidated upon the notification of the cooperation.”

“The credit will not always be distributed through the group, particularly on such urgent circumstances such as accidents or disaster. Regarding that, the debtor may come with the group leader to disclose her problem and propose some credit, which is called emergency credit. The credit request form may only be signed by the group leader who will brief the members in the subsequent group meeting.”

According to Yoos Lutfi, like other cooperatives, KSBW is also sometimes faced with tight credit. Members had overdue payments or no means to pay their installment. Yoos Lutfi even admitted that one member even used her friend’s name to request some credit as her credit platform was over the limit. Unfortunately, she refused to pay her debt back. It was a good lesson for the field counselors. That case suggested lack of transparency among the group and poor participation by the field counselor concerned. Before 1990, the total credit failure was about 2 to 4 percent. However, upon the active application of the collective basis system, it was reduced to almost zero percent.

Currently, KSBW has 9,177 members. There are 611 civil servant/armed forces personnel, 1,240 private employees, 3,580 entrepreneurs, and 3,381

housewives. Total revenue from the saving and lending scheme was Rp. 2.5 billion in 1990, increasing to Rp. 7.6 billion in 1995, and skyrocketing to Rp. 28.9 billion in 2000.

Shopping center

The shopping center was actually suggested by the members. "They suggested that we provide them with such staple foods as rice or sugar. They could buy their daily needs, at the same time, they came to save their money at KSBW. Accordingly, in 1982, KSBW opened a small store occupying a corner space of KSBW's office with a total beginning capital of Rp. 5 million.

"In the beginning, the store only served some staple foods such as rice, frying oil and sugar. But we have gradually been able to expand our services with milk, butter, clothes and electronics," said Endang, a store manager of KSBW.

In 1983, in keeping with the rapid development of KSBW, the board decided to buy a vehicle that was used as a mobile store. "The mobile store moved from one group to another when the group meeting was held. However, the mobile store could only be maintained for two years due to the low response of the members and we sustained a loss. We recognized that it was executed without sound planning," Yoos Lutfi pointed out.

By 1985, shopping at the store was decreasing, so the board obliged the members, particularly those who had some

credit at the cooperation, to buy all items at the store for an amount equivalent to one percent of their credit amount. That approach improved the store sales.

"But we finally thought that it was not good to force members to buy their daily needs at the cooperative. We then left it to the members themselves whether they want or not to buy at our store. Thank God, all members keep shopping at the store and thus it can increase the revenues of the store from year to year," added Yoos Lutfi.

According to Henny, in the last three years, the revenue of the shopping center has increased almost 50 percent. In 1990, its revenue was only Rp. 145.6 million. It multiplied to Rp. 826 million in 1995. Currently, its total revenue has reached Rp. 6.4 billion with total assets of some Rp. 86 billion. Total credit distributed to the people was in amount of Rp. 1.7 billion.

The outstanding feature of the key success of the shopping center unit was the professionalism of each board member in selling the goods under the normal market price. For that purpose, all the board members worked hard to find the places where underpriced goods were available. "We always try to buy the consumer goods from the 'first hand' with low price. Clothes, for instance, are directly purchased from Tanah Abang-Jakarta market. The members are very happy to do this," said Endang. In 1987, KSBW made a contract agreement with Yamaha Motor Company that allowed each member to buy a motorbike on credit. Cur-

rently, the board is much less involved in looking for goods. Members who are entrepreneurs consign their items for sale in the cooperative.

The second success factor of the co-operation-based shopping center is the facilities provided to each member. Each member is entitled to a special food credit. “KSBW awards the members a maximum food credit of Rp. 250,000 with a refund period of one month. That credit was proposed on the approval of the group leader,” asserted Yoos Lutfi.

In addition to food credit, the cooperative also offers on credit to its members TV sets, tape recorders, radios, refrigerators, among others. The platform of credit for an electronic set is two times compulsory saving. The procedures are the same as the saving and lending scheme. The credit proposal is also limited by the group platform—not over three times the group’s compulsory saving.

Collaboration with Other Agencies

In managing the KSBW, the board partners with banks to obtain soft loans to increase its capital. KSBW is partnered with Modal Nasional Madani, Bank Muamalat and Forum Sarana Pengembangan. Bank Muamalat awarded a soft loan of Rp. 1.5 billion, Forum Sarana Pengembangan of Rp. 2.5 billion. “KSBW is so selective that we will not receive a high interest charge on a loan. We can only receive a normal interest

charge, as the money must be offered to members with a lower interest charge.” The rate of the loan varies from one bank to another.

“Thanks to God, some individuals and groups entrusted their money management to KSBW. They can see our programs and performance. Indeed, we do it professionally.” Currently, KSBW capital amounts to Rp. 12 billion while the loan amount is Rp. 9 billion.

Since 2000, KSBW is partners with Bank Niaga. Every member of KSBW is allowed to open an account at the bank and receive an ATM card. The advantage is that a member no longer has to wait in line at the KSBW office whenever she needs her approved credit because it can now be directly transferred to her account.

“However, it turned out that not all of the members were interested in that system as they have to maintain some minimum balance of Rp. 50,000 at their account. That balance was too high for them, particularly since they are often in need of cash. Finally, the board decided to make the use of ATM to the members voluntary. In fact, only half of them are interested.”

Future Plans

In spite of the successful performance of KSBW in managing the two business units, the board has no immediate plans to organize a new business unit.

With respect to the programs of some banks that focus on the grass roots, KSBW

considers it positively. "But we do not want to compete with them. On the contrary, we prefer to cooperate with them in assisting the 'small people.' I think that is much better."

"We do not want to do anything rash. We are afraid we may do something that is similar to what has been developed by the members. We will never compete with our own members. Besides that, we have to consider whether we are capable of managing it or not and the money is not merely our own but it is the property of

the members," asserted Yoos Lutfi.

"The board even now is concentrating on the establishment of an educational center. Regarding that purpose, we have already formed an association with Labora Management Academy. That plan is still in the potential stage, as the cooperative is not a learning subject of high schools in Indonesia. The government seemed to have a low commitment on cooperative development. In fact, the quality of human resources can be improved through cooperation." ■

Case 17

Maha Bhoga Marga

Introduction

In 1963, people screamed in panic as a loud explosion suddenly broke the silence of Karangasem, in East Bali islands, and the sky was covered with hot smog. Hot lava began flowing from the Mount Agung volcano. The people who lived around the mountain were screaming, crying, and running as fast as they could to save themselves from the lethal smog and lava. The Bali Protestant Church, established in 1931, provided humanitarian services to 50 households that fell victim to the volcano.

History of Maha Bhoga Marga

Based on that 1963 experience, the Protestant church in Bali decided to establish a social foundation. From past experience, the church knew that direct interaction between the church and local people might create problems, since the church could be accused of departing from a wholly religious mission. So in 1982, the church established a separate foundation called Maha Bhoga Marga (MBM). Some respected community leaders like Dr. Wayan Mastra and clergyman Ketut Suyageayu were involved. "As a Protestant church, we do not only assist in religious issues, but we also work for humanitarian

purposes, in particular, for the needy people. The church should be ready to help any group in need," Clergyman I Ketut Arka, director of the Maha Bhoga Marga Foundation, firmly stated.

"Although MBM is a Protestant church-based organization, its services also include all the people regardless of their religions (Islam, Hindu, and Catholic, for instance). However, as we live in Bali, most of our beneficiaries are from the Hindu community," said Arka.

In the beginning, MBM served as a consultant for some NGOs from other islands especially Sulawesi. "What we did was still correlated with what had been done by the church when it provided assistance to the casualties of Mount Agung explosion. In addition to that, we also networked them with some foreign funding agencies for financial assistance."

MBM developed programs aimed at empowering the economy of the people. "We have carried out several demoplotting projects such as breeding, furniture creation training, among others, including financial backup for their business development," said Dr. I Gede Mustika, a division secretary.

The initial program was a "people's business and economic development program." "It was aimed at motivating the

development of the people's economy so as to improve their standard of living," added Arka. The program included business facilitation, provision of a credit scheme for business development units and demonstration-plots for cattle breeding, farming, wooden works and printing. "Demo-plotting units have a bright prospect in the future and it can be used as a medium where local people may take on-the-job training to broaden their horizons and increase skills and knowledge on available businesses. Some demo-plotting programs, such as poultry breeding and iron processing training, were not successfully managed," said Arka who joined MBM in 1986. Arka added that MBM, in carrying out its services, always tries to share job opportunities through its group or individual programs. Besides offering capital, MBM also provides technical assistance to the people so that they can manage their business effectively.

The second activity, a community development and services program, provides counseling services to the community on several issues like preventive measures against diseases and natural disasters.

MBM runs its activities on a 1.8 hectare area in Kapal Mengwi Badung. Foreign donors funded the land purchase. The head office is located in Kapal Village, Mengwi Sub-District of Badung District. Two service units cover the village of Kloncing, Sawan Sub-District of Singaraja (North Bali) and Melaya Negara (West Bali). MBM employs 80 full-time staff, supported by several part-time vol-

unteers—businessmen, technocrats, economists and medical staff.

MBM ended its consulting services to NGOs in 1994. Since then, beneficiary NGOs correspond directly with the funding agencies. Demo-plot programs include cattle breeding, a saving and lending scheme, woodworking, a poultry shop and printing.

Management Board of MBM

MBM has a nine-person executive board. The chairman is Ketut Wardana. "The executive board's members are recruited upon the approval of the Bali Protestant Church as agreed in the synod session. The executive board and its director will be accountable to the church authority and serve a four-year term of duty," said Arka.

The executive board holds both the supreme authority on making policy and is responsible for the implementation of programs mandated by the church synod. The board also supervises the performance of the operational director. The executive board meets quarterly, following a quarterly meeting with church synod.

The operational director directly contacts the funding agencies and supervises MBM divisions—community service and business and socio-economic development, PT. Bank of People's Credit, the secretariat and General Affairs.

The division head of Community Service and Development supervises three

subdivisions—education and health services, humanitarian services, and human resources training and development. The division head of Business and Economic Development supervises woodworking, cattle/poultry breeding, printing, and the credit center. The director of PT. Bank of People's Credit, with the assistance of director I and director II, coordinates the financial and general affairs division, supervises funding and credit management and distribution.

The director and the division heads hold two separate regular meetings weekly and quarterly. "In the event that a problem is encountered, we will try to solve it collectively. Typically, what have been formulated in the quarterly meeting will subsequently be brought in the meeting with the executive board," Arka said. Arka also conducts weekly informal meetings with all division heads. "For instance, this week I invited the division head of community service and development. Next week I scheduled a meeting with the director of Bank of People's Credit, and the following week with the head of business and economic development division. The agenda of the informal meetings are not so much different from that of the formal ones," Arka said. Each division head holds a monthly internal meeting with its respective subheads.

The Role of the Board in Fund Raising Activities

In addition to its foreign funding assistance, since 1990, MBM has initiated more professionalism in the business units. "It means that the business units have no longer been run only for demoplotting purposes. However, we have started to think how the units can be developed professionally and thus they can produce a potential benefit that will eventually be used to support the day-to-day operation of the foundation," said Arka.

The proposed breakthrough shall be supported by some policies determined by the executive board. All components of the foundation starting from executive board, director, division heads and all staff, work together and share opinions and ideas to succeed the new profit-oriented programs.

Arka recognized that the active participation of the executive board has been a significant factor in motivating the success of the business units. "Their attention, capability and ideas are certainly helpful. They have always contributed alternative solutions whenever we encountered a problem without waiting for the formal meeting. Consequently, we never hesitate in implementing the programs as we have always been backed up by the executive board."

According to Mustika, to get the executive board fully concentrated on the business units and community economic development, each of them is assigned to

coordinate one to two business units according to his capacity and capability. "We believe that if all the executive board are involved in the supervision and monitor of all the business units, the results will be less maximal. For example, a member of the board who has a background in animal husbandry will be assigned to coordinate the cattle breeding unit and likewise, one who is knowledgeable of wood industry will be entrusted to coordinate the wooden works unit," added Mustika.

The executive board will work out details with a small team of one to two members and will be responsible for one to two business units and community development unit. The responsibilities include preparation of programs and outlining of policies, its implementation strategy, progress evaluation and provision of problem solving.

"As an acting director... whenever I encounter a problem I can directly communicate it with the executive board concerned. It is not necessary for me to bring that problem to the chairman or vice-chairman. The bureaucracy is so simple and very quick."

Fund Raising Activities

MBM continues to receive substantial foreign funding. "It may happen one day that foreign donors will stop their assistance. It will not be a big deal because we have already our own income sources. Therefore, since the 1990s, we have been

designing some programs that may have the potential for fund raising. By having our own income sources, we can minimize layoffs that may happen with the possible expiration of the foreign funding assistance," assured Arka.

"Finally, we decided to optimize the existing demo-plotting programs until they can produce as much profits as possible. Certainly it must be supported by a great amount of capital. Fortunately, the foundation has already some savings deposits from the staff's remuneration when working as consultants. The foundation and staff (have) a 50-50 sharing," Mustika disclosed.

The business units have accumulated assets of Rp. 3.6 billion.

Wood industry (Unika) and pig breeding

MBM undertook sewing training, cake-making training, and furniture or carpentry training, but Arka noted that, "The carpentry training has been most successful since 1988/1989. The training has mostly been participated in by drop-out students. The training was announced in every church in Bali," said Arka.

Each participant must be interested in the woodworking industry, be physically healthy, and pay a registration fee. The training runs for six months, live-in. "Training is held annually and its participants shall be limited according to the capacity of the classroom and the available financial support. Every class consists

of seven to 13 students who are from various areas, such as Bali, Poso, and Central Java as well as Jepara that is popular for its genuine carving. After completing some training packages, we then decided to establish a wooden industrial firm. To support the operation of the firm, we had to purchase and procure several machines. In 1990, the relation between Indonesia and Netherlands, one of our donors' original countries was tense. But they still respected our proposal and awarded us Rp. 100 million. Since March 1993, MBM has begun a more professional wooden industry development. Of that amount, Rp. 45 million was allocated to procure some mechanical instruments (cutting machine, plane, wood finisher, polisher, and some finishing tools) and the rest was used to continue the training programs," said Mustika.

The competition in wood products in Bali is fierce. The business finally got the first order from Hotel Dhyana Pura Seminyak Kuta Bali, an affiliate of the Bali Protestant Church. "The hotel ordered some furniture such as tables, and chairs. As the hotel management was satisfied with our products, we became more motivated to market the products to other new clients," Mustika said, adding that MBM produces according to customer orders of any type rather than producing and marketing standard products or its own designs. "Graduates" of the MBM program sometimes help in marketing. "I remember when we asked our friends and neighbors about prospective buyers, ex-

students of MBM training who have already run their own wood industry, will sometimes share their extra orders with us," added Arka. "Fortunately, the MBM wood industry never experienced zero-orders although we did suffer some losses. Of course, we always paid our staff their salaries in spite of decreasing orders," added Mustika. "Anyway, our orders have gradually increased this time. We, for instance, received a big furniture order from an Australian businessman for his four bungalows."

"Since its seven years of establishment, we have already completed six large orders starting from Hotel Dhyana Pura Kuta, some bungalows and hotels in Jimbaran Nusa Dua Bali, and for a tourism school. For a hotel, one order may require furniture for 10 to 15 rooms. Currently, we are working on a big order from Hotel Jimbaran Hills Resort," Nyoman Dirgayasa, unit head of the wood industry of MBM, stated. This order required 15 workers—two permanent and 13 part-timers.

The woodworking business accumulated assets of about Rp. 177 million and net income of Rp. 10.5 million as of April 2001. "Up to now, we have not had a special marketing division to promote our products professionally to the public. In the future, we will be more and more active in marketing the products either through the churches in Bali or directly to the hotel businessmen," Arka emphasized.

The other business unit of MBM is

pig breeding, initially carried out as a demo-plot program under the church's direct supervision. "At that time, the church wanted to improve the economic status of the people. As most of the Balinese Christian people breed pigs as a sideline, the church then decided to develop pig breeding beginning with mother pigs (sow) of 20 heads," disclosed Mustika. However, the original demo-plotting program was not successful. "But the church preferred to go ahead with it. With the establishment of MBM, the breeding program was resumed much more professionally and thus we hope within three years it could produce a satisfactory yield," described Mustika.

Currently, the MBM breeding unit owns 150 sows and three studs. "We focus more on insemination than meat selling. Our pig insemination quality is superior. Since their infant period, pigs are vaccinated."

MBM sells the piglets for Rp. 210,000 to Rp. 250,000. "Every month we can sell about 125 infants, which is still much less than the current demand. Our potential consumers are spreading out to Tabanan, Negara, Singaraja, Klungkung, and so on. Half of the customers are also our beneficiaries," said Mustika. "Regarding that potential opportunity, we plan to add 50 more sows and open a new breeding compound in Melaya. However, we prefer to postpone that plan in view of our limited funds."

Pig breeding contributes a monthly net income of Rp. 6 to 7 million. "It is

not that big indeed, but it continues," added Mustika. Its total assets were Rp. 94 million with a net income of Rp. 45 million in 2000. The business requires only two full- and two part-time staff respectively.

According to Mustika, in addition to pig breeding, MBM also developed poultry breeding in 1980. Poultry breeding used to be a demo-plot program. The number increased from 3,000 to 6,000 heads. However, in the early 1990s, a poultry tycoon entered the market and slashed prices. "Our poultry breeding was not big enough to meet the slash. We could do nothing in such a disadvantageous situation. Consequently, we went bankrupt," said Mustika.

"In addition to pig breeding, we also offer fodder to our customers. Moreover, we have a considerable fodder stock for our thousands of pigs," Wayan Budiya, unit head of breeding/poultry shop program, indicated. The poultry shop started in 1993 with a basic capital of Rp. 15 million to purchase fodder stock and medicines. Total capital has reached Rp. 43 million. Currently, monthly revenues ranged from Rp. 45 to Rp. 50 million and monthly net income ranged from Rp. 2.8 million. In 2000, the total income of the poultry shop was Rp. 13.2 million with 45 to 50 customers. "Most of the customers (40 persons) are regular and the rest (10 persons) are irregular. It is most important for us to attract more and more customers and not to take a higher profit from them. For every kilogram we only

take a profit of Rp. 100.”

According to Budiyasa, the fodder business and pig breeding were related to each other. “Let us take one case. For example, in 1999, a pig epidemic was spreading like wildfire in the area and pig breeding declined. That condition automatically discouraged people to breed pigs and buy fodder at the same time. Fortunately, we still have some beneficiary groups that always commit to share and cooperate with the foundation for our survival.”

The current main obstacle was fodder shortage. “Since the beginning of the last year, it has been difficult to secure a supply of maize. A supplier may be able to send us 1.5 tons from a total order of six tons. The unit price of maize is skyrocketing when the government banned the import of Brazilian maize. An alternative fodder instead of maize is still being discussed by the Association of Pig Breeders,” informed Budiyasa.

People's Bank of Credit and printing unit

“The establishment of the People's Bank of Credit was inspired by the previous activities of MBM as a funding agent of its beneficiary groups. Initially, the foundation provided the people and beneficiary groups with some types of credit. One of them was business development capital (PMSU) offered with a low interest charge of two percent as it was a social function. That credit revolved

from one group to another until all of them could be financially independent,” Arka illustrated.

“Since government regulations prohibit a foundation to collect funds from a third party, MBM decided to establish the MBM People's Bank of Credit in 1990 that will provide some installed credit for the people and assist the programs of the foundation at the same time.”

“Prior to the establishment of the foundation, we actually assisted the people in improving their standard of living. The assistance was in money and goods in addition to some skill training on how they could use the money and goods for their economic standard upgrading. Unfortunately, we encountered both financial and personnel shortage. That condition had also encouraged the establishment of the bank,” added Nyoman Sunartha, director of PT. People's Bank of Credit MBM.

The bank was established with total capital of about Rp. 220 million. That amount came from the original revolving fund program. “When the revolving fund had already been refunded on a five-year period, the foundation reserved the right to own it as a whole. Based on the organization meeting, we decided to mobilize the fund for the establishment of the People's Bank of Credit,” Arka said.

However, the People's Bank of Credit was in a very competitive environment. Banks were mushrooming all over Bali. “As we had less experience in banking, the bank was managed and administered less

professionally. Fortunately, some of our colleagues were sent for training in banking and we have gradually been able to operate the bank more professionally according to available bank standard and procedures,” asserted Sunartha.

“Initially, the bank offered limited products—saving, deposit, and credit lending services. Such a simple scope of services avoided difficulties. In its first year of service, the bank was able to attract customers consisting mostly of the previous beneficiaries of MBM,” he added. Despite the operation of the People’s Bank of Credit, MBM keeps distributing credit to people through its community economic development program. “The difference is its orientation: social and profit-oriented,” said Arka.

The bank in 1996 managed to net a profit of about Rp. 30 million. In 1997, this increased to Rp. 38.5 million. In 1998, it increased to Rp. 52.5 million. In 1999, it increased to Rp. 92 million and in 2000 it doubled to Rp. 182 million. The bank accumulated total assets of Rp. 3.6 billion, Rp. 660 million from its own capital and Rp. 3 billion from a third party respectively. “That condition indicates its high credibility among the people.”

“Our strength comes from (1) being responsive to what is needed by the customers, (2) with a simple bureaucracy; (3) and an open-communicative process. There is no reason to reject a feasible credit proposal. With such an approach, we can win the people’s trust. In addition to the above strengths, the professional team

backs up the bank’s management. A 10-member team is assigned every working day to meet the people directly and provide services to those who want to save and pay their installment. The team also in that opportunity search for new prospective customers and give some business counseling to the customers in need.”

The printing unit arose from the demand for printed materials for the church synod session. “Usually, the materials for that session should be printed in a great number of sheets. Instead of paying another printing center, we preferred to build our own agency that might be able to lower the cost and to make extra income for the foundation. Besides the church, the foundation also manages a tourism school that requires many printed books and papers.”

With an initial capital of about Rp. 45 million, MBM established a printing agency in the 1990s. “That printing agency has temporarily been used to supply our internal demands covering the institutions under the supervision of the Bali protestant church,” explained Arka, who assigned two full and three part-time staff members to run the agency. Based on the current financial data, as of April 2001, the total assets of the printing agency amounted to Rp. 214 million with net income in 2000 of Rp. 50 million.

Future Plans

MBM has prepared some programs for the coming years. “For the progress of the wood industry, MBM plans to open a showroom to exhibit our products so that it can be much more familiar to the public. We are also preparing a more solid and professional team of marketing that will network our products and search for potential buyers,” asserted Mustika.

The People’s Bank of Credit plans to seek new investors. “In order to improve our services to customers, we are planning to find some potential investors that may be able to inject our capital. We are also trying to offer collaboration with a pub-

lic commercial bank based on the ‘adopted father’ system. We applied that system when we associated with Bank Bukopin but it was not continued. Now, we are planning to re-exercise it with Bank Mandiri.”

For breeding development, according to Mustika, MBM plans an increase of 50 more pigs. “Indeed, it has been postponed due to the financial shortage. Nevertheless, we will always try to make some efforts until it can be realized for the sake of its well development. We also plan to open a new branch breeding compound in Melaya Bali.” ►

Case 18

Yayasan Bakti Nusantara Isafat (YBNI)

History of YBNI

Since 1996, the neglected, poor, street children in West Sumatra province have been able to enjoy free education and training. Despite the increased cost of education, in ranah minang, a free vocational school called SMK “Dhuafa” was established.

Dr. Ibrahim manages the school, together with some academicians and teachers in Padang. They provide neglected children with free training quarterly as an alternative mode of learning. The training package started in 1989, and consisted of fabrication welding, electrical installation, carpentry, and moral education. Following several training packages, both committee and participants agreed to form a social forum called ISAFAT (Social Forum for Orphan, Poor and Neglected Children). As the chair noted:

“We are committed to taking care of the children as the inheritance of the nation for the sake of the future development of the nation itself. We also observe that the capability of the poor children is not under that of the rich, in spite of minus facilities. We try to struggle for their equity.

“This forum was established to answer the poor treatment of the neglected children in Indonesia. Many mass

organizations claimed to work on such issue but it has never been realized. Some others only treated it as a part-time program. Therefore, this organization was run to assist exclusively with the above problem more professionally. As disclosed in our research, the poor will not be able to improve their life without the help of an intermediary. We are in position to bridge between the poor children and their future.”

The main program of ISAFAT covered free skills training to the poor and neglected children. However, due to politics, all mass organizations including ISAFAT were forced to affiliate with and assist the GOLKAR Party, the ruling government-allied party. The board of ISAFAT was summoned by the Padang Chief of Socio-Politic Office and asked the board to affiliate with Golkar. The board, made up of idealistic lecturers, teachers, and academicians, resisted, but the organization was prevented from implementing its programs.

The other problem was fund shortage. The government refused to provide funds, and the public preferred to donate to other NGOs and GOs.

To cope with these problems, the board on June 27, 1993, changed the status of the organization from a mass orga-

nization to a foundation and created the Yayasan Bakti Nusantara Isafat. Like the original ISAFAT, the foundation emphasizes education and training, and guidance for the neglected and poor children.

In 1996, Dr. Ibrahim, the elected chairman, established a free vocational school for street, neglected, and poor children. By its fifth year, the school had accommodated 600 students and graduated 141 persons.

YBNI also established an Open Home Isafat Plus (RSIP) in Padang, Bukittinggi, and Solok early in 2000. These open houses provide not only skills and knowledge to the children but also religious education. Religious education is also given in the free religious school that was established in Teluk Buo of Padang. The revived three-month training package of the foundation consists of courses in welding, electronics, construction, English, and other technical skills.

YBNI has expanded to some regions in West Sumatra and other provinces. It manages 17 branch offices consisting of 12 branch offices in various regional areas of West Sumatra and five others in Jakarta, Bandung, Pekanbaru, Aceh and Bengkulu. Each branch office coordinates 50 to 200 beneficiary children. The total number is around 1,500 children.

Internal Stakeholders

Ibrahim explained that the management structure of YBNI as a foundation differs from that of a mass organization.

In a mass organization, the board chairperson and vice-chairpersons dominate all activities and programs. As a foundation, YBNI has a board chairperson and nine divisions, each led by a division head and supported by one additional member. All division heads are responsible for the preparation and implementation of the programs. They also deal with budgets and recommend inputs for raising funds. At the foundation conference held every three years, the board reviews the programs. Coordination pertaining to daily tasks and duties are taken up at the monthly board meeting. There are also informal meetings held between the board and staff.

YBNI created an advisory board and a steering board to assist the board of directors. The two boards include several top community leaders in Padang. The supervisory board also consists of several community leaders to take control of program implementation, oversee the foundation's financial performance, and evaluate the performance of the board of directors. Excluding the board of directors, YBNI also created a special committee comprised of the chairperson of ISAFAT and four affiliated organizations and one representative of SMK Dhuafa (vocational school).

The active 12 branch offices are responsible for the street children within their service areas. All branch offices conduct a data inventory of poor children and adults, recruit children to study at SMK Dhuafa, and manage charity boxes spread out by the foundation. Income from the

latter is shared (40 percent) for children development, 20 percent for operational costs, and the rest for the foundation's savings. Each branch office has its own management board consisting of three to five personnel.

Ibrahim added: "Most of the board of directors and staff of YBNI (31 persons) consist of lecturers, teachers and administrative staffs who are working with several universities and schools in Padang. However, we never treat our job in YBNI as a part-time job, but more as part of our social dedication in addition to teaching. Therefore, to avoid overlaps, a specific time schedule is necessary. For instance, those with a morning teaching schedule will work with the foundation in the afternoon (at 4 p.m.) through the evening. Day-to-day running of the foundation is handed over to those with the afternoon teaching schedule. This will enable us to carry out our double jobs without neglecting either one.

"The same thing happens with those who are teaching at SMK Dhuafa. They should share their schedule with the school without leaving their main jobs. All teachers have to adhere to the teaching schedule that was agreed upon collectively.

"Since all the boards have their own main income, they never bother about getting salaries from the foundation. Most of them work with the foundation voluntarily. Others frequently went unpaid when the foundation suffered a severe deficit. When the foundation requires some additional funds for its business de-

velopment, some boards and staff even share their own money. With such a solid voluntary base, the foundation has been able to survive despite its small income," said Ibrahim.

Programs of YBNI

YBNI has two types of programs: routine and temporary. The routine program includes the management of the vocational school (SMK Dhuafa), the Transit Home ISAFAT Plus, Orphan House, and the Street Children's Religious School. The temporary program consists of periodic training courses in English and Arabic, electronics, mechanics and construction.

Free vocational school (SMK "Dhuafa")

A survey carried out by YBNI showed that the school was essential to thousands of students of the secondary school in West Sumatra who were not financially capable of continuing their studies onto high school. A vocational school was considered appropriate for the children as it provided some practical skills that would be useful for their future.

"We are quite confident to succeed as most of our board members and staff are already lecturers and teachers in various fields. We also have formed a network and association with Padang State University (UNP) and many firms where the participants could do on-the-job training," asserted the principal of SMK Dhuafa.

In 1996-1997, the school registered 77 students. Due to the lack of support from the local educational department and government, the school used a mosque for teaching and the operating cost came from donors and the board. In 2000, the education department issued the school a formal license to operate. In 2001, the local government then lent the school a former "transmigration building" for a classroom.

The Faculty of Technique of Padang State University certified the students of SMK Dhuafa. The students received on-the-job probationary training from three firms. This school awarded five certificates to its students including a field practical certificate from the three different firms, an English certificate and a religious school certificate.

Currently, SMK Dhuafa's 660 students are spread over four vocational departments—electrical engineering, mechanical engineering, construction engineering and automotives. One hundred forty-one graduates currently work in several business centers in Batam, Jakarta, Padang and other cities. "Next year, we plan to register 300 students and open a new department—food and fashion. We will also construct a building with some equipment so as to improve the skills of the students further," said Zulmasri.

ISAFAT plus open house and free religious school

A survey and mapping carried out by the Social Department in association with Unika Atma Jaya and several NGOs in Padang in May 1999, calculated that the number of street children was as many as 2,096 in 116 locations.

Previously, YBNI established three open houses in Padang, Bukittinggi and Solok. The open houses became not only transit homes for the street children but also a training center where they could improve their skills, knowledge and psychological capacity. The open houses utilized 58 experienced and trained social workers of YBNI.

YBNI also created a free religious school in the Teluk Bou area of Padang, managed by five social workers of varying education and skills backgrounds, and the children were trained for one month every three months. Due to the constraints of high costs and small facilities, the one-month course could take in only 40 to 60 students. Ibrahim argued that this program was more important for the poor children.

"Candidate students must provide a certification of being poor from the mosque or village office. They also have to demonstrate a strong commitment to join the program and adhere to the prevailing rules and regulations. This short training is provided to improve the knowledge and skills of the poor and neglected children so that they can compete with

other luckier, richer children entering high school. The knowledge and skill obtained should be useful when they are working. The additional skill will raise the confidence of the students.”

Fund Raising Activities

Ibrahim related: “In 1994, by using a rented car we went through Medan of North Sumatra and Bali to collect donation. However, that effort was not very successful. We also disseminated 500 proposals to various individuals, firms and institutions of different locations. Only 20 percent of the total proposals resulted in donations, about Rp. 50 million. The entire raised fund was mostly used to recover the debt of the foundation and run the programs. The above approach was costly and was stopped.”

The foundation also sold stickers containing prayers and moral messages to bus drivers and students. The stickers cost Rp. 3,000,000 per 1,000 stickers. This business was also discontinued as the foundation could only raise Rp. 1.5 million at the price of Rp. 500 per piece.

“Based on the above experiences, we concluded that the fund raising program should be performed professionally with sound planning and monitoring. Since 1996, we have concentrated on three fund sources: individual, firms and earned income.”

Ibrahim recognized that all the fund raising programs still could not meet the total needs of the foundation. Ideally, the

foundation requires a monthly budget of Rp. 80 million or Rp. 962 million per annum for all its programs—the SMK Dhuafa, open house, orphan house and training programs. The current monthly income of the foundation is about Rp. 50 million or Rp. 600 million for the year.

“In order to overcome the cost deficit, we had to postpone the implementation of several projects or reduce some costs of certain items. In addition, the board and staff also shared their wages. They also acted as volunteers and as donors of the foundation, in addition to their managerial roles to meet the foundation’s needs.”

Individual donors

The individual fund raising program was conventional. For example, the foundation has distributed 100 charity boxes to various mosques, supermarkets, restaurants, pharmacy centers, and other public spots in Padang (50 boxes), Bukit Tinggi (14 boxes), Solok (11 boxes), Bandung (30 boxes), and Jakarta (20 boxes). The total monthly donation is about Rp. 5 million.

YBNI also approaches individuals currently working as managers or directors of firms and social organizations by sending them letters or proposals. YBNI has secured 12 regular donors from Indonesia and foreign countries. Each of them contributes from Rp.100,000 to Rp.1 million per month. Monthly donations reach Rp. 6 million.

"In order to increase the number of the regular donors we have collected as much data on the prospective donors as possible through our available networks. To maintain a positive relationship with them (especially to those with monthly donation of more than Rp. 50,000), the foundation regularly sends them a financial report."

Regular donations also come from the alumni of SMK "Dhuafa" and training centers of YBNI. All the alumni are encouraged to donate some of their income for the foundation. However, the amount of donation raised from alumni is not much since most of the alumni work in factories. Their monthly donations ranged from Rp. 5,000 to Rp. 10,000, and these dropped substantially since the crisis. In addition to money, donations come in the form of rice from housewives who live near the foundation. The foundation encourages them to save some of their daily rice for the poor children. As donors, they can put at least a handful of rice daily into a sack provided for them.

"The idea of rice raising was motivated by our assurance that everybody (both rich and poor) is committed to contribute. The difference lies only in the quantity. The important thing for us is to give everybody a chance for contributing. From 60 households, the foundation collected four sacks of rice or 200 kg. We will continue to develop this program by involving the parents, other students and our adopted children. Both parents and students are encouraged to contribute rice

as much as they can. The above suggestion should be of one prerequisite for those who are still with their parents on registering in our school. Their registration at our school should be followed by their commitment to contribute a daily handful of rice to the foundation. We think that it won't be such a big deal as it will be used also for their children," asserted Ibrahim.

The other types of donations were second-hand office or household appliances. For that purpose, the board approached rich people, agency leaders, or people planning to move houses, to donate their spare appliances to the foundation.

Earned income

One business is gambir cultivation on a seven-hectare property, started in 1998 with Rp. 8 million. Gambir is a popular export that is used as a base material for cosmetics, medicines and cloth dye; the local people usually chew the nuts or use it as a traditional medicine.

"In the first harvesting period, at the beginning of 1999, the plantation earned income of Rp. 800,000. It increased to Rp. 4 to 5 million in the following harvest. As local prices were better than export prices, we only market our product to the local retailer at a current average price of Rp. 9,000 per kilogram. Over the next several years, we plan to enter into the international market so that we can extend the land and develop the commu-

nity. The other benefit of gambir cultivation is that it can be harvested two times in one year over a period of 30 to 50 years.”

The more profitable business of the foundation is cow trading. The foundation started this program with five cows, costing Rp. 4 million. Within three months, by Idul Adha, each cow was sold for 800,000 to 1.5 million rupiahs. As of 2000, the number of breeding cows rose to 61 heads with a total value of Rp. 245 million. “In fact, the cow selling business has enabled us to expand the free vocational school for the street, neglected and poor children,” disclosed Ibrahim.

Yayasan also uses the Idul Fitri for fund raising. During that period, the demand for meat (goat or cow) is high, as most Moslems buy meat for the Idul Fitri celebration feast. To meet the beef demand, the foundation killed six to seven cows and sold them for Rp. 4 to 5 million.

At the same time, the foundation also collects the hides of the slaughtered cows. YBNI moves from one slaughtering place or mosque to another to collect the hides. In one day, it collected between 150 to 200 hides, and sold them to traders for Rp. 50,000 each. From that activity, the foundation earned Rp. 2 to 3 million.

The other fund raising program is a credit award to small merchandisers. The foundation is interested in developing the small traders by lending to them at no interest, so that in the future, they might become donors of the foundation, when

their businesses prosper.

“In order to assure the enthusiasm of the people, we at the very beginning carried out prior identification before awarding the basic business capital of Rp. 250,000 to Rp. 300, 000 per individual. The above fund came from a grant fund of Rp. 18 million awarded by the Social Department, and the future donations can be used for the adopted children’s parents development program.”

Instead of the interest, the awardees were expected to share some of their income from their business, through a special charity box prepared by the foundation. If they fail to donate anything, they have to put a note into the charity box explaining the failure to donate.

“If they fail to donate in three consecutive months, their capital will be aborted, for we have emphasized the award of the basic capital on honesty and discipline. Through this program, we will be able to gain three benefits at the same time: (1) provision of business opportunity to the people, (2) fund maintenance, and (3) fund raising. The fund for the above program has already been developed to Rp. 20 million spread out among 80 traders. Total donation that can be raised monthly ranges from Rp. 1.5 to Rp. 2 million,” described Ibrahim.

“Some business units also produce income of Rp. 6 to 7 million per month. Our additional income comes from some minibuses and photocopying machines operation, depending on excess capacity

after the foundation's needs. For example, the minibus is often used to take the students of SMK Dhuafa to their on-the-job practice in Padang or out of the city."

Corporate Fund

In order to get approval on a donation or assistance from firms, the foundation first submits a proposal and gives a brief presentation on the programs of the foundation. The board also informally approaches the managers or directors of the firms.

"We require that they also commit and contribute to the development of the neglected or street children and treat it as a collective obligation. We just leave the type or sort of assistance to them. They may provide an opportunity for the student to take an on-the-job training instead of making a monetary donation."

Some firms became regular donors to the programs of the foundation. However, the amount donated may range from Rp. 100,000 to Rp. 1 million per month. The total monthly donation of all the firms amounts to Rp. 2.5 million to Rp. 3.5 million.

For on-the-job-training the foundation incurs a cost of Rp. 7,000 per student covering his or her food allowance (Rp. 5000) and transport allowance (Rp. 2000). The total annual cost reaches Rp. 200 million.

"With the generosity and participation of the firm we can reduce the annual cost. Some firms are willing to pay the

food and accommodation allowances. The foundation only pays the transport of each student from Padang to the firm. Some firms even give a weekly wage of Rp. 50,000 to Rp. 100,000 per student. The firms that provide such facilities are small-to middle-sized firms. Strangely, most big firms, especially state-owned firms, are not so committed to humanitarian programs, and they even refuse to provide transport cost for the students."

As of 2001, 101 firms have participated in the programs and are willing to accommodate the students. The firms were small (45 percent), middle (35 percent), and big firms (20 percent) spread out mostly (80 percent) in West Sumatra province and the rest in Riau, Palembang, Bandung and Batam. Some of the big firms were PT Dirgantara (Bandung), Pertamina Oil Firm Dumai, PT Semen Padang and PT Indah Kiat.

Future Plans of YBNI

The success of YBNI in operating and managing the only free vocational school in Indonesia motivates the board to attract wider involvement from other parties. Ibrahim said that YBNI would try to recruit students from various provinces in Indonesia to study at SMK Dhuafa. YBNI wants to induce other social organizations or local government institutions to be more committed to developing free vocational programs.

"These future plans shall be compatible with some improvements exercised by

the school in terms of its quantity and quality. If this condition has already been achieved, we will send letters to every school headmaster all over Indonesia requesting them to send five street children each to study at our free school. Each of them is only requested to pay the school fee, which is only 50 percent from the total educational cost at the public school. Those funds will then be used to develop the other humanitarian programs,” confirmed Ibrahim.

YBNI designed a new representative school building and practical room on a

two-hectare land area. The total cost of the construction was estimated at Rp. 5 billion.

“To sustain the programs of the foundation, we will also call for business involvement. Besides financing the program and providing a job-training place for the students, they may also recruit the trained students for their staff. In that case, they can save on the training cost for their new recruits. It is hoped that with a mutually beneficial association, the number of firms will increase.” ■

PART THREE

Appendices

Appendix A

DOMPET DHUAFA FOUNDATION

DOMPET DHUAFA INCOME

Dompot Dhuafa Income 1994-1999 (in Rupiah)							
No	Source of Fund	Year 1994	1995	1996	1997	1998	1999
1	Zakat a)	506,110,483	291,399,230	776,660,139	1,018,933,664	1,977,504,526	3,327,496,517
2	Infak		205,236,328	353,948,216	522,783,150	1,358,087,737	1,263,160,830
3	Special Event b) (Disaster relief)			549,875,403	201,187,925	579,149,352	1,488,662,936
4	Earned Income	4,444,000	24,902,848	12,692,293	3,403,522	28,547,970	16,185,250
5	Royalty	3,905,100	2,739,750	1,615,950	1,688,650	2,586,500	7,472,675
6	Income from Qurban		30,891,092	11,621,950	25,124,751	50,512,675	63,089,811
7	Other Income		2,601,347	619	30,294,830	32,049,950	13,261,442
8	Receivable Income Profit Sharing	51,481,000	30,891,092	89,855,750	12,790,000	366,262,675	144,718,500
9	Receivable Income (Other)	3,320,000	27,477,500	31,995	33,194,550	13,898,100	73,930,281
10	Interest	4,147,910	4,147,190	12,807,389	2,240,854	11,387,032	29,504,369
	Total	573,408,493	620,286,377	1,809,109,704	1,851,641,896	4,419,986,517	6,427,482,611

Note

a) For 1994 including Zakat and Infak

b) Special events for 1994 and 1995 are recorded separately

Sources: From audited annual report as supplied by Juwaini

Appendix B

YAYASAN MITRA MANDIRI (YMM)

YMM'S PROGRAMS

1. Project : Urban Poor
Location : Senen Area
Managed by : Yayasan Dian Mitra
Fund : Rp.133,620,000

Yayasan Mitra Mandiri has been involved in funding this project, located in a slum neighborhood alongside a railway track in Senen area since 1997. The approximately 150 children receiving assistance through this program are mainly children of elementary and junior high school level.

If these children and their families are not helped, they will most probably become street children. Thus the children are given additional assistance to enhance their formal education. Most succeed in their formal education, some being among the best students in their classes. The program also includes sports, nutritional elements, and cultural trips to broaden their horizons. Many of the parents are involved in income generating programs.

2. Project : Production of "Talking Books"
Location : Lebak Bulus
Managed by : Yayasan Mitra Netra
Fund : Rp. 79,123,000

This is a one-year project to produce a "talking book" for blind people. A monthly average of 105 master cassettes consisting of 15 titles is currently being produced. Six copies are produced for distribution to schools for the blind in Jakarta (2 sets), Bandung, Yogyakarta, Manado and Ruteng in East Nusa Tenggara province. Additional copies can also be produced upon request at cost. The "talking books" also include cassettes needed by blind students in universities. This project will help blind people to be more independent, and to make a useful contribution to society.

3. Project : Handicapped Children's School
Location : Kupang, East Nusa Tenggara

Managed by : SLB Asuhan Kasih in coordination with BK3S Supang
Fund : RP. 66,250,000

YMM also assists a foundation that runs a small school for handicapped children (deaf and mentally retarded) in Kupang, East Nusa Tenggara province. The project includes the provision of educational facilities and the rehabilitation of the school building and dormitory. Forty-one handicapped children are currently enrolled in this school. The children are trained to become productive members of the community.

4. Project : Handicapped Children School
Location : Ruteng, East Nusa Tenggara
Managed by : SLB Karya Murni in coordination with BK3S Kupang
Fund : Rp. 42,495,000

In the remote location in Ruteng on the island of Flores, East Nusa Tenggara province, a school for handicapped children (deaf and blind) is receiving assistance from YMM. YMM provides educational facilities, carpentry tools and funding for some of the teachers to expand their horizons by visiting similar schools in Java. Some of the students are trained to make furniture, others to make embroidered textiles and dresses that are sold locally. The proceeds are then used to finance other similar training programs. Students and teachers from this school have received national recognition for their achievements in various fields. Over 100 handicapped children are enrolled in this school.

5. Project : Horse-Cart Drivers
Location : Majalaya, Bandung
Managed by : Leima
Fund : Rp. 61,199,500

This is a one-year project focusing on a special education program for 30 school-age children who are earning a living as horse-cart drivers, a work environment not conducive to their mental development.

This is a pilot project which requires the services of social workers to help transform the children's outlook on life and value system, prior to the learning process. There are approximately 180 school-age horse-cart drivers in this area. It is hoped that this project will help improve the quality of life of these children, enabling them to contribute usefully to the community.

Appendix C

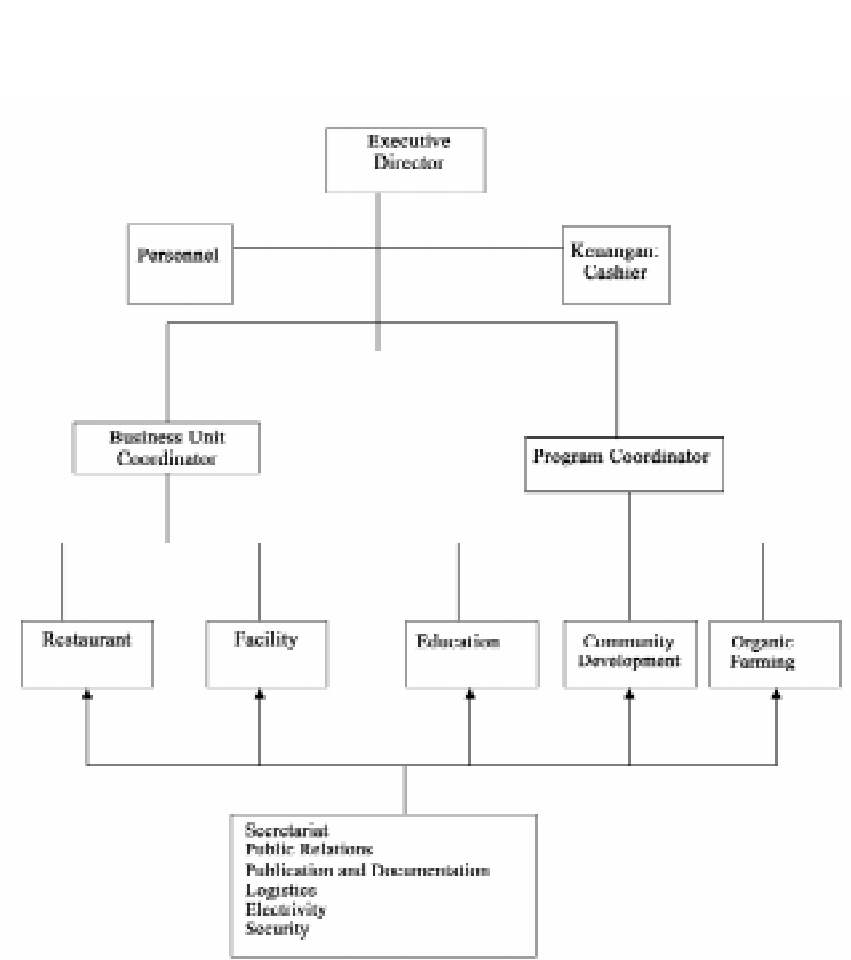
YAYASAN MITRA MANDIRI (YMM)

FINANCIAL REPORT

Financial Report										
Description	1995		1996		1997		1998		1999	
	US\$	Rp.000	US\$	Rp.000	US\$	Rp.000	US\$	Rp.000	US\$	Rp.000
Receipts :										
Beginning Balance	-	-	19,989	99,990	12,657	36,459	76,313	43,762	79,590	212,632
Donation received	20,000	100,000	9	-	50,000	50,000	35,000	-	-	1,000
Transfer from UWI	0	0	-	-	27,335	-	-	-	-	-
Converted from US\$ acct.	-	-	-	-	-	46,084	-	274,300	-	153,743
Interest earned	-	-	44	601	1,386	3,264	6,288	9,416	3,458	7,984
Subtotal	20,000	100,000	20,033	100,591	91,378	135,771	117,601	327,478	83,048	375,338
Disbursement :										
Dues to UWI	-	-	-	-	-	-	200	-	400	-
Office space rental	-	-	5,959	-	-	-	-	-	-	-
Business travel	-	-	1,325	5,312	-	1,364	3,288	1,000	-	-
Programs and operations	-	-	-	48,534	15,000	88,865	34,000	113,484	21,500	344,034
Office equipment	-	-	-	10,015	-	1,410	-	-	-	-
Advance										5,200
Bank Administration	11	10	92	270	65	369	522	363	115	895
Subtotal	11	10	7,367	64,132	15,065	92,008	38,011	114,864	22,015	350,129
Ending Balance	19,989	99,990	12,657	36,459	76,313	43,762	79,590	212,632	61,033	25,209

Appendix D

PUSAT PENDIDIKAN LINGKUNGAN HIDUP (PPLH) SELOLIMAN ORGANIZATIONAL CHART



Appendix E

KOMITE KEMUNISIAAN INDONESIA (KKI)

KKI Fund Raising Activities and Outcomes (1998-2000)

KKI Fund Raising Activities and Outcomes (1998-2000)			
Number	Type of Fundraising	Amount	
		Rp (in thousands)	In US Dollars
1	Direct mail ¹	3,786,733	108,963.77
2	Grant	3,086,751	
3	Special Event ("We Care Indonesia") ²	3,167,019	10,729.09

1 Quoted from participant

2 April 1999 to June 1999

KKI Program Execution (1999-2000)

KKI Program Execution (1999-2000)				
No.	Region	Type of Donation		Amount (RP)
		Emergency	1 year program	
1	Jakarta and West Java (9/11/98-8/12/98)	V		5 billions
2	Ambon (3/2/99)	V		107 millions
3	Sambas (4/1999)	V		122 millions
4	Aceh (5/1999-3/12/99)	V		657 millions
5	East Timor	V		45 millions
6	Kapuk, Western Jakarta (Nov.98)		V	960 millions
7	Cilincing, Northern Jakarta (March 99)		V	950 millions
8	Pondok Aren, Western Java (May 99)		V	250 millions
9	Kenjeran, Eastern Java (Dec. 99)		V	250 millions
10	Northern Maluku (25/1/2000)	V		111 millions
11	Bengkulu (August 18, 2000)	V		19 millions

Appendix F

MEDICAL EMERGENCY RESCUE COMMITTEE (MER-C) FUND RAISING PROGRAMS

Fund Raising Programs of Mer-C				
No.	Name of Program	Name of Activity	Target Point	Time
1.	Media Campaign	1. Press Conference 2. Institutional visit to media 3. Production of clipping 4. Press Gathering 5. Media Info	Radio, TV and Printing Mass media	1. Before and after humanitarian mission 2. Once a month 3. Regular 4. Temporary 5. Once in two month
2.	VCD	1. The making & selling of VCD	Exhibition	Once a year
3.	Presentation	1. Program presentation of 2. Mer-C 3. VCD Display 4. Leaflet distribution	Companies, hospitals, internal campus organizations, religious gatherings	Temporary
4.	Partnership with enterprises	1. Discount for cargo & ticket fares 2. Transportation and security 3. Medical tools lending	Airline companies TNI (National Indonesian Forces) Hospitals	Temporary Temporary Temporary

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Investing in Ourselves: Giving and Fund Raising in Indonesia provides NGOs and fund raising practitioners with a deeper knowledge of the individual gift-giving market, as well as fund raising principles and strategies employed in the country. Whether you're a small, young non-profit, or a large national or international organization, you will benefit from the fund raising experiences of the local NGOs in the case studies, and from the findings of the market survey on philanthropic giving in Indonesia. The publication of the book is part of a seven-country research project spearheaded by the Asia Pacific Philanthropy Consortium (APPC), and funded by the Asian Development Bank, through the Asia Foundation, Nippon Foundation and United States Agency for International Development (USAID).

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